Consent Decree Appendix G

ASARCO SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "**Agreement**") is made as of __, 2003 by and between ASARCO Incorporated, a New Jersey corporation with its principal office located at 2575 E. Camelback Road, Suite 500, Phoenix, Arizona 85016 ("**Grantor**"), and the U.S. Department of Justice, Environmental and Natural Resources and Environmental Enforcement Sections, on behalf of the United States of America (including all Executive Branch instrumentalities of the federal government, collectively referred to as the "**United States**" or "**Secured Party**"), located at Ben Franklin Station, P.O. Box 7611, Washington, D.C. 20044. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings assigned to such terms in the Consent Decree (as hereinafter defined).

Recitals

WHEREAS, Grantor has various environmental liabilities or potential liabilities to the United States pursuant to certain consent decrees, administrative orders, or environmental statutes;

WHEREAS, the United States has filed a complaint against Grantor and Southern Peru Holdings Corporation ("**SPHC**") pursuant to the Federal Debt Collection Procedures Act, 28 U.S.C. § 3004, and the Federal Priorities Statute, 31 U.S.C. § 3713, in a suit denominated United States v. ASARCO Incorporated, and Southern Peru Holdings Corporation, No. CIV-02-2079-PHX-RCB (D. Ariz.) ("the **Action**");

WHEREAS, the United States, Grantor and SPHC have entered into a consent decree, including attachments and related agreements, that resolves the claims raised by the United States in the Action (the "**Consent Decree**");

WHEREAS, as part of the transactions contemplated by the Consent Decree, (i) Americas Mining Corporation ("**AMC**") has issued to SPHC that certain Promissory Note Due May 31, 2010, dated ______, 2003 in the original principal amount of $100,000,000, in the form set forth as Appendix B to the Consent Decree ("**Note B**"), and (ii) Grupo México, S.A de C.V. has agreed to guarantee the obligations of AMC under Note B pursuant to that certain Guaranty, dated as of ______, 2003, in the form set forth as Appendix C to the Consent Decree (the "**Guaranty**");

WHEREAS, pursuant to the Consent Decree, (i) SPHC is required to assign Note B and the Guaranty to Grantor; and (ii) Grantor is required to grant Secured Party a security interest in Note B and the Guaranty to secure the Secured Obligations (as hereinafter defined);

WHEREAS, pursuant to the Consent Decree and subject to such security interest in favor of Secured Party, Grantor is required to assign Note B and the Guaranty to the ASARCO Environmental Remediation Trust;

NOW, THEREFORE, in consideration of the recitals, covenants and agreements set forth herein, and as consideration in part for the releases and covenants set forth in the Consent Decree, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

6. **Definitions**.

(a) "**Collateral**" shall mean:

(i) Note B and the Guaranty; and

(ii) all proceeds of any or all of the foregoing Collateral.

(b) "**proceeds**" shall have the meaning set forth in the UCC.

(c) "**Secured Obligations**" shall mean (i) payment and performance of each and every obligation, covenant, and agreement of Grantor set forth in the civil judgments, consent decrees, and administrative orders identified in Section I (Background) Paragraphs C, D, and E of the Consent Decree, in each case as the obligations, covenants, and agreements of the Grantor under such civil judgments, consent decrees, and administrative orders are conditioned by Article X of the Consent Decree ("Covenants of the United States"), and (ii) payment of all sums advanced or expended by or on behalf of Secured Party in accordance herewith in connection with the Secured Obligations in order to protect, retake, hold, or prepare for sale or other disposition of, or realize upon, any of the Collateral.

(d) "**UCC**" shall mean the Uniform Commercial Code of the State of New York, as amended, except to the extent that the Uniform Commercial Code as enacted in another jurisdiction applies by operation of law as to any provision contained herein, in which case such law of another jurisdiction shall govern such provision.

7. **Pledge of Collateral and Grant of Security Interest**. Grantor does hereby unconditionally and irrevocably assign, pledge, convey, mortgage, transfer, hypothecate and grant unto the Secured Party, as security for the Grantor's full payment and performance when due of the Secured Obligations, a lien on and security interest in all of Grantor's right, title and interest in and to the Collateral, in each case whether now or hereafter existing, whether tangible or intangible, or in which Grantor now has or hereafter acquires an interest and wherever the same may be located. When properly perfected by the filing of a duly-completed UCC financing statement with the Secretary of State of the State of New Jersey, the security interest of Secured Party in the Collateral shall constitute a valid and perfected first-priority security interest. Grantor hereby irrevocably authorizes Secured Party, at any time and from time to time, to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments

thereto and continuations thereof in order to perfect or continue the perfection of Secured Party's security interest in the Collateral.

8. **Provisions Relating to Collateral.** Anything contained herein to the contrary notwithstanding, Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under any agreement giving rise to any of the Collateral, all in accordance with the terms thereof. Secured Party shall not have any duty, obligation or liability under any such agreement by reason of or arising out of this Agreement or the receipt by Secured Party of any payment relating to such agreement or the Collateral pursuant hereto, nor shall Secured Party be obligated in any manner to perform any of the obligations of Grantor under or pursuant to any such agreement or to take any action to enforce performance of, or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times under or in respect of, any of the Collateral, unless the Secured Party so elects in a writing delivered to the Grantor.

9. **Remedies Upon Default.**

(a) Upon default by Grantor in the payment or performance of any of the Secured Obligations, Secured Party may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral).

(b) Without limiting the foregoing, the Secured Party's rights and remedies upon such a default by the Grantor shall include, but shall not be limited to, the right to make such payments and do such acts as the Secured Party may deem necessary to protect, perfect, or continue the perfection of its security interest in the Collateral, including (i) paying, purchasing, contesting, or compromising any lien that is, or purports to be, prior to or superior to the security interest granted hereunder and (ii) commencing, appearing, or otherwise participating in or controlling any action or proceeding purporting to affect the security interest in or ownership of the Collateral;

(c) foreclose on the Collateral as herein provided or in any manner permitted by applicable law and exercise any and all of the rights and remedies conferred upon the Secured Party by the documents constituting the Collateral, either concurrently or in such order as the Secured Party may determine, without affecting the rights or remedies to which the Secured Party may be entitled under this Agreement or under the Consent Decree; the Grantor hereby waives, to the extent permitted by applicable law, notice and judicial hearing in connection with the Secured Party's taking possession or commencing any collection, recovery, receipt, appropriation, repossession, retention, set-off, sale, conveyance, assignment, transfer, or other disposition of or realization upon any or all of the Collateral, including any and all prior notice and hearing for any pre-judgement remedy or remedies and any such right that the Grantor would otherwise have under the constitution or any statute or other law of the United States of America or of any state thereof.

10. **Secured Party Appointed Attorney-in-Fact.** Grantor hereby irrevocably appoints Secured Party and any agent thereof as its true and lawful attorney-in-fact, with full

authority in the place and stead of Grantor and in the name of Grantor or otherwise, from time to time to take any action and to execute any instrument the Secured Party may deem necessary or appropriate in order to exercise its remedies hereunder, including, without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral,

(b) to receive, indorse and collect any drafts or other instruments, documents, security certificates and chattel paper, in connection therewith, and

(c) to file any claims or take any action or institute any proceedings which Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the terms, conditions or rights of Secured Party with respect to any of the Collateral.

11. **Perfection of Security Interest in Collateral.** In order to ensure the attachment, perfection, and first priority of, and the ability of the Secured Party to enforce, the security interest in the Collateral created hereby, the Grantor agrees, at the Grantor's sole expense, to take the following actions with respect to the Collateral:

(a) Financing Statements. The Grantor shall execute, file, or cause to be filed, registered, and recorded all financing statements, notices, instruments, agreements, consents, and other documents as are necessary or desirable in the reasonable judgment of the Secured Party or required by applicable law to create, preserve, perfect, or validate the security interest in favor of the Secured Party, and each such document shall have been properly filed, registered, or recorded in each jurisdiction in which the filing, registration, or recordation thereof shall be necessary or required by applicable law to grant in favor of the Secured Party a perfected security interest in the Collateral, and the Secured Party shall have received an acknowledgment copy, or other evidence reasonably satisfactory to it, of each such filing, registration, and recordation;

(b) Further Assurances. To the extent not included in the foregoing, the Grantor shall, from time to time at the Grantor's expense, promptly execute and deliver all further agreements, instruments, and documents, and take all further action, that may be necessary, or that the Secured Party reasonably determines may be necessary or advisable, in order to create, perfect, or protect the security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral in accordance with the terms of this Agreement and the Consent Decree.

7. **Representations, Warranties and Covenants of the Parties.**

(a) In addition to the representations made by Grantor in the Consent Decree, Grantor makes the following representations and warranties, which shall be deemed to be continuing representations and warranties in favor of Secured Party, and covenants and agrees to perform all acts necessary to maintain the truth and correctness, in all material respects, of the following:

(i) No effective security agreement, financing statement or other document similar in effect covering all or any part of the Collateral is on file in any recording office.

(ii) Grantor has the full right and title to the Collateral, free and clear of all liens and claims of others, and has the full power, legal right and authority to pledge, convey, transfer and assign such interest. None of the Collateral is subject to any existing assignment, claim, lien, pledge, transfer or other security interest of any character, or to any attachment, levy, garnishment or other judicial process or to any claim for set-off, counterclaim, deduction or discount.

(iii) Grantor shall not, without the prior written consent of Secured Party, further convey, set over, pledge or otherwise transfer to any party any of its interests in the Collateral except as contemplated by the Consent Decree, it being agreed that (a) any such transfer contemplated by the Consent Decree shall be made expressly subject to the security interest granted to Secured Party hereunder and (b) in no event shall Secured Party's requirement that any such transfer be made be deemed to constitute a release of the security interest granted to it hereunder.

(iv) Grantor agrees to (a) warrant and defend its title to the Collateral and the security interest created by this Agreement against all claims of all persons and (b) maintain and preserve the Collateral and such security interest.

(v) The exact legal name of the Grantor is ASARCO Incorporated, the Grantor is a duly formed and validly existing corporation in good standing under the laws of the State of New Jersey, and the Grantor's certificate of incorporation is duly filed with the Secretary of State of the State of New Jersey. The Grantor's chief executive office is located at 2575 E. Camelback Road, Suite 500, Phoenix, Arizona 85016. Grantor has the corporate power and authority to own and operate its properties, to transact the business in which it is now engaged and to execute, deliver, and perform this Agreement.

(vi) This Agreement constitutes the duly authorized, legally valid, and binding obligation of the Grantor, enforceable against the Grantor in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(vii) All consents and grants of approval required to have been granted by any person in connection with the execution, delivery, and performance of this Agreement have been granted, are in full force and effect, and are non-appealable.

(viii) There is no pending or threatened action, suit, litigation, investigation, arbitration, or other proceeding involving or affecting Grantor or any of its properties or assets which could reasonably be expected to materially and adversely affect Grantor's ability to execute, deliver, and perform its obligations under this Agreement.

(ix) the execution, delivery, and performance of this Agreement by Grantor do not and will not (A) violate any law, governmental rule or regulation, court order, writ, injunction, or agreement to which it is subject or by which it or its properties are bound or the charter documents or bylaws of Grantor or (B) result in the creation of any lien or other encumbrance with respect to the property of Grantor other than the security interest in favor of the Secured Party.

(x) Financing statements of other appropriate instruments have been filed pursuant to the UCC in the public offices set forth in Schedule A hereto as may be necessary to perfect the security interest granted or purported to be granted hereby. All other action necessary or requested by the Secured Party to protect and perfect the security interest in each item of the Collateral as of the date hereof has been duly taken. Subject to the requirements contained in the UCC with respect to the filing of continuation statements, this Agreement creates a valid, continuing, and perfected security interest in the Collateral in favor of the Secured Party, subject to no other liens, and is enforceable as against creditors of and purchasers from the Grantor.

12. **Covenants and Agreements of Grantor.** The Grantor hereby covenants and agrees that it shall observe and fulfill, and shall cause to be observed and fulfilled, each and all of the following covenants until all Secured Obligations have been indefeasibly paid and performed in full:

(a) Legal Status. Without giving at least thirty (30) days prior notice to the Secured Party, the Grantor shall not change its name, place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, oar change its type of organization or jurisdiction of organization.

(b) Prohibition Against Transfer of Collateral. The Grantor shall not sell, assign, transfer or otherwise dispose of any part of the Collateral, whether in one or a series of transactions, or otherwise undertake the sale or disposal of any of the Collateral, except as expressly permitted pursuant to this Agreement and the Consent Decree.

(c) Limitation on Liens on the Collateral. The Grantor shall not create, assume, incur, suffer to exist, or permit to be created, assumed, incurred or suffered to exist, shall defend the Collateral against, and shall take such other action as is necessary to remove, any lien or claim on or to the Collateral, other than as expressly permitted by this Agreement and the Consent Decree, and shall defend the right, title, and interest of the Secured Party in and to any of the Collateral against the claims and demands of all persons whomsoever other than with respect to claims and demands permitted under this Agreement and the Consent Decree.

13. **Waiver and Estoppel.** No delay or failure on the part of Secured Party in the exercise of any right or remedy against Grantor or any of the Collateral shall operate as a waiver of any agreement or obligation contained herein, and no single or partial exercise by Secured Party of any rights or remedies hereunder shall preclude any other or further exercise thereof or the exercise of any other right or remedy, whether contained in this Agreement or in the Consent

Decree or in any other agreement between Grantor and Secured Party. No waiver of the rights of Secured Party hereunder or in connection herewith and no release of Grantor shall be effective unless in writing executed by Secured Party. No actions of Secured Party permitted under this Agreement shall in any way impair or affect the enforceability of any agreement or obligation contained herein.

14. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW, EXCEPT TO THE EXTENT THAT THE UNIFORM COMMERCIAL CODE AS ENACTED IN ANOTHER JURISDICTION APPLIES BY OPERATION OF LAW AS TO ANY PROVISION CONTAINED HEREIN, IN WHICH CASE SUCH LAW OF ANOTHER JURISDICTION SHALL GOVERN SUCH PROVISION.**

15. **Successors and Assigns.** All agreements, covenants, conditions and provisions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

16. **Notices.** Any notice, demand, request or other communication that any party hereto may be required or may desire to give hereunder shall be given in accordance with the terms of Paragraph 49 of the Consent Decree.

17. **Severability.** Every provision of this Agreement is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

18. **Amendment.** Except as otherwise provided herein, this Agreement may be modified or rescinded only by a writing expressly relating to this Agreement and signed by both parties.

19. **Termination.** This Agreement shall terminate and shall be of no further force or effect, upon the earlier to occur of:

(a) mutual consent of the Grantor and the Secured Party; and

(b) the indefeasible payment and performance in full of the Secured Obligations.

20. **Counterparts.** This Agreement may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which together shall constitute a single agreement.

21. **Assignability.** Grantor may not assign any of its obligations under this Agreement, unless such assignment is by virtue of a consolidation, merger, acquisition or

disposition of all or substantially of the assets of Grantor wherein the successor entity, purchaser, transferee or assignee has the same right, title and interest as Grantor in the Collateral.

22. **No Duty on the Secured Party's Part; Limitation on Secured Party's Obligations; Exculpatory Provisions.** The powers conferred on the Secured Party hereunder are solely to protect the Secured Party's interests in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers, including, without limitation, any collections, calls, conversions, maturities, tenders, or other matters relating to the Collateral. All of the Collateral is hereby assigned to the Secured Party solely as security, and the Secured Party shall have no duty, liability, or obligation whatsoever with respect to any of the Collateral, including, without limitation, the filing of any continuation statements, unless the Secured Party so elects in writing consistent with its rights under this Agreement. Any costs or expenses incurred by the Secured Party in connection with the validity, interpretation, or enforcement of its security interest in the Collateral, or any exercise of its rights or remedies hereunder, shall constitute a part of the Secured Obligations secured by the Collateral. The Secured Party is not a fiduciary of or shall owe or be deemed to owe any fiduciary duty to the Grantor, any affiliate of the Grantor, or any other party asserting claims or rights to the Collateral. Neither the Secured Party nor any of its employees, agents, or attorneys-in-fact shall be liable to the Grantor for any action taken or omitted to be taken by the Grantor under or in connection with this Agreement, or responsible in any manner to any person for any recitals, statements, representations, or warranties made by the Grantor or any officer thereof contained in this Agreement, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of this Agreement or for any failure of the Grantor to perform any of the Secured Obligations. The Secured Party shall not be under any obligation to any person to ascertain or to inquire as to the observance or performance of any of the agreement contained in, or conditions of, this Agreement or to inspect the properties or records of the Grantor.

THE NEXT PAGE IS THE SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first above written.

ASARCO INCORPORATED

By: ______________________________
Douglas McAllister, General Counsel

U.S. DEPARTMENT OF JUSTICE

By: ______________________________
Kelly A. Johnson, Principal Deputy Assistant Attorney General

STATE OF ARIZONA)
) ss.
COUNTY OF __________)

The foregoing instrument was acknowledged before me this ____ day of ___________, 2003 by Douglas McAllister, General Counsel of ASARCO Incorporated.

WITNESS my hand and official seal.

My commission expires: _____________________

____

(SEAL) Notary Public

DISTRICT OF COLUMBIA)
) ss.
WASHINGTON)

The foregoing instrument was acknowledged before me this ____ day of __________, 2003 by Kelly A Johnson, Principal Deputy Assistant Attorney General, U.S. Department of Justice.

WITNESS my hand and official seal.

My commission expires: ____________________

____
(SEAL) Notary Public

IRREVOCABLE ASSIGNMENT AND ACKNOWLEDGMENT OF ASSIGNMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned ASARCO INCORPORATED, a New Jersey corporation ("Assignor"), hereby irrevocably sells, assigns and transfers to ____________________, as trustee of the ASARCO Trust ("Assignee"), all of its right, title and interest in and to (a) that certain Promissory Note due May 31, 2010, dated [January __, 2003] in the principal amount of $100,000,000.00 (the "Note"), made by Americas Mining Corporation ("Maker") to Southern Peru Holdings Corporation ("SPHC"), which Note was absolutely and irrevocably assigned to Assignor by SPHC by and through that certain Irrevocable Assignment and Acknowledgement of Assignment executed by Assignor, Maker, Guarantor and SPHC, dated [January ___, 2003] (the "Parent Assignment"), and (b) that certain Guaranty, dated [January __, 2003], made by Grupo México, S.A. de C.V. ("Guarantor") in favor of Southern Peru Holdings Corporation (the "Guaranty"), which Guaranty was absolutely and irrevocably assigned to Assignor by SPHC by and through the Parent Assignment. Copies of the Note and the Guaranty are attached hereto as Exhibits A and B, respectively.

The present sale, assignment and transfer by Assignor of the Note and the Guaranty to Assignee, and the acknowledgment thereof by Maker and Guarantor, are made and delivered pursuant to the terms of that certain Stock Purchase Agreement dated as of [January __, 2003] by and among Maker, Southern Peru Holdings Corporation, SPHC II Incorporated and Assignor.

Assignor, Assignee, Maker and Guarantor hereby acknowledge that Assignor has granted a security interest in all of its right, title and interest in and to the Note and the Guaranty to the United States pursuant to that certain Security Agreement dated as of [January __, 2003] by and between Assignor and the United States (the "Security Agreement"), and Assignee hereby agrees that the present sale, assignment and transfer by Assignor of the Note and the Guaranty to Assignee are subject to the security interest created pursuant to the Security Agreement.

This Irrevocable Assignment and Acknowledgment of Assignment (this "Assignment"), and the rights and obligations of Assignor, Assignee, Maker and Guarantor hereunder, shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of New York (including without limitation Section 5-1401 of the General Obligations Law of the State of New York), without regard to conflicts of laws principles.

IN WITNESS WHEREOF, each of Assignor and Assignee has caused this Assignment to be executed by its duly authorized officer as of [January __, 2003].

ASARCO INCORPORATED, as Assignor

By: ______________________________

Title: ______________________________

____________________, **AS TRUSTEE OF THE ASARCO TRUST**, as Assignee

By: ______________________________

Title: ______________________________

Each of Maker and Guarantor hereby acknowledges and agrees to the terms of this Assignment

AMERICAS MINING CORPORATION, as Maker

By: ___________________________________
Title:__________________________________

GRUPO MÉXICO, S.A. DE C.V., as Guarantor

By: ___________________________________
Title:__________________________________

Exhibit A

[Attach Note B]

Exhibit B

[Attach Guaranty]

Consent Decree Appendix I

ERNST & YOUNG
CORPORATE FINANCE LLC

725 South Figueroa Street
Los Angeles, California 90017
Phone: (213) 977-3800
Fax: (213) 977-3079
www.eycf.com

January 24, 2003

The Board of Directors
ASARCO Incorporated
2575 East Camelback Road
Phoenix, Arizona 85016

Dear Directors:

We understand that ASARCO Incorporated (the "Company") and its wholly-owned subsidiary, Southern Peru Holdings Corporation ("SPHC"), are considering entering into a transaction (the "Transaction") whereby SPHC will sell 43,348,949 shares of Class A Common Stock, par value $.01 per share, of Southern Peru Copper Corporation ("SPCC") (the "Stock Interest") to the Company's parent company, Americas Mining Corporation ("AMC"), for a total consideration of $765.0 million (the "Consideration"). The Stock Interest represents an approximately 54.18% ownership interest in SPCC. We further understand that payment of the Consideration will consist of:

(i) a cash payment of $500.0 million to be made upon closing the Transaction on January 31, 2003 (the "Closing Date"), which amount will be dividended by SPHC to the Company following consummation of the Transaction;

(ii) a promissory note to be made by AMC to SPHC providing for payment of $123.25 million in seven equal annual principal installments of $17,607,143 payable on each October 31 beginning October 31, 2003, plus accumulated interest accrued at a rate of 7% per annum (the "7 Year Note");

(iii) a promissory note to be made by AMC to SPHC providing for payment of $100.0 million in eight equal annual principal installments of $12,500,000 payable on each May 31 beginning May 31, 2003, plus accumulated interest accrued at a rate of 7% per annum (the "8 Year Note"), and further supported by an unconditional continuing guaranty (the "Guaranty") from Grupo Mexico S.A. de C.V. ("Grupo Mexico"), which 8 Year Note and Guaranty will be first irrevocably assigned by SPHC to the Company upon consummation of the Transaction and immediately thereafter will be irrevocably assigned by the Company to the ASARCO Environmental Remediation Trust to be created pursuant to a consent decree to be filed with the United States District Court for the District of Arizona and

(iv) the cancellation of indebtedness in the principal amount of $41.75 million currently owed by the Company to AMC (the "Debt Cancellation").

You have requested our written opinion (the "Opinion") as to the matters set forth herein. This Opinion considers the fair market value of the Stock Interest, assuming SPCC is a going-concern, as compared to the value of the Consideration.

For purposes of determining the fair market value of the Stock Interest we have solely relied on the valuation prepared by Ernst & Young, LLP ("E&Y"). A copy of such valuation is attached hereto as exhibit A and incorporated herein.

For purposes of this Opinion as its relates to the value of the Stock Interest, the term "fair market value" shall mean the price at which the Stock Interest would change hands between a willing buyer and willing seller, neither being under compulsion to buy or sell and both having a reasonable knowledge of all relevant facts.

For purposes of this Opinion as it relates to the value of the Consideration, the term "value" shall mean the reasonable equivalent of the fair consideration, as of the date of this Opinion, that a seller would accept or that a purchaser would offer in a good faith, arms length negotiation, taking into account the prevailing market conditions, practices and comparable transactions.

It is our understanding that the Company's Board of Directors and any other recipient of this Opinion will consult with and rely solely upon their own legal counsel with respect to the legal effect of said definitions. No representation is made herein, directly or indirectly, as to any legal matter or as to the sufficiency of said definitions for any purpose other than conducting a financial valuation.

The valuation analysis prepared by E&Y and this Opinion should not be construed as a fairness opinion.

Notwithstanding the use of the terms "value", "fair consideration" and "fair market value", we have not been engaged to identify prospective purchasers or to ascertain the actual price at which and terms on which the Stock Interest can currently be sold to an unaffiliated third-party. We express no opinion as to whether the Stock Interest would actually be sold to an unaffiliated third party for the amount we believe to be its fair market value.

In connection with forming our opinion with respect to the value of the Consideration, we have performed such procedures, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

1. analyzed a draft Stock Purchase Agreement, dated January 24, 2003, among AMC, SPHC II Incorporated, SPHC and the Company. We assume that there will not be any material changes contained in the final version of the Stock Purchase Agreement from the draft that we have analyzed;
2. analyzed a draft of the Credit Agreement, dated December 23, 2002, between AMC and Banco Inbursa, S.A. We assume that there will not be any material changes contained in the final version of the Credit Agreement from the draft that we have analyzed;

3. met or spoken with certain members of the senior management of AMC, Grupo Mexico, Grupo Ferroviario Mexicano S.A de C.V. ("GFM") and SPCC to discuss the operations, financial condition, future prospects and projected operations and performance of AMC, Grupo Mexico, GFM and SPCC;
4. met with representatives of the Company and the Company's counsel to discuss certain matters;
5. analyzed a valuation report of the Stock Interest prepared by E & Y dated December 31, 2002 and attached as Exhibit A, and discussed such valuation report with personnel of E&Y;
6. analyzed forecasts and projections prepared by management with respect to SPCC, Grupo Mexico, AMC, and GFM for the years ended December 31, 2003 through 2010;
7. analyzed drafts, as of January 24, 2003, of the terms and conditions of the 7 Year Note, the 8 Year Note and the Guaranty in connection with the 8 Year Note. We assume that there will not be any material changes contained in the final versions of the 7 Year Note, 8 Year Note and the Guaranty from the drafts that we have analyzed;
8. analyzed current market rates and financial criteria underlying various ratings for corporate debt securities;
9. analyzed the terms and conditions of the agreement between AMC and the Company, dated November 30, 2001, in connection with the $41.75 million Promissory Note that will be cancelled per the Debt Cancellation;
10. conducted such other studies as we have deemed appropriate.

We have relied upon and assumed, without independent verification, that the financial forecasts and projections provided to us have been reasonably prepared and reflect the best currently available estimates of the future financial results and condition of AMC, GFM, Grupo Mexico and SPCC, and that there has been no material adverse change in the assets, financial condition, business or prospects of AMC, GFM, Grupo Mexico or SPCC since the date of the most recent financial forecasts and projections made available to us.

We have not independently verified the accuracy and completeness of the information provided to us with respect to AMC, GFM, Grupo Mexico and SPCC and do not assume any responsibility with respect to it. We have not made any physical inspection or independent appraisal of any of the properties or assets (other than the Stock Interest) of the Company, AMC, GFM, Grupo Mexico or SPCC. Our opinion is necessarily based on business, economic, market and other conditions as they exist and can be evaluated by us at the date of this letter.

Per the financial forecasts and projections provided to us, AMC will need additional funds from Grupo Mexico or its affiliates in order to meet its payment obligations under both the 7 Year Note and the 8 Year Note. The 8 Year Note is backed by the Guaranty. However, there is no written agreement between AMC and Grupo Mexico regarding the 7 Year Note. Based on inquiries made of Grupo Mexico, this Opinion assumes and is contingent upon the following: (i) Grupo Mexico having the financial ability to make such funds available to AMC with respect to both the 7 Year Note and the 8 Year Note and; (ii) Grupo Mexico, as the parent of AMC, having the present intention to make such funds available to AMC when necessary in order to permit AMC to meet such obligations.

Based upon the foregoing, and in reliance thereon, it is our opinion, as of the date of this letter that, assuming the Transaction is consummated as proposed, the value of the Consideration to be received by the Company for the Stock Interest in connection with the Transaction is greater than the fair market value of the Stock Interest as of December 31, 2002, and therefore, constitutes reasonably equivalent value and fair consideration.

This Opinion is furnished solely for your benefit and may not be relied upon by any other person without our express, prior written consent. Notwithstanding the foregoing, each of Grupo Mexico and AMC is entitled to rely on this opinion letter as though the same were addressed to it. This Opinion is delivered to each recipient subject to the conditions, scope of engagement, limitations and understandings set forth in this Opinion and our engagement letter dated August 15, 2002.

Very truly yours,

Ernst & Young Corporate Finance LLC

Exhibit A to Ernst & Young Corporate Finance LLC

ERNST & YOUNG LLP

Ernst & Young LLP
725 South Figueroa Street
Los Angeles, California 90017-5418

Phone: 213 977-3200
www.ey.com

January 21, 2003

The Board of Directors
ASARCO Incorporated
2575 East Camelback Road
Phoenix, Arizona 85016

Ladies and Gentleman:

Pursuant to your request, Ernst & Young LLP ("Ernst & Young"), engaged under a subcontract agreement from Ernst & Young Corporate Finance LLC ("EYCF LLC"), has performed a valuation analysis of 43,348,949 shares (the "Stock Interest") of Class A Common Stock, par value $0.01 per share (the "Class A Common Stock"), of Southern Peru Copper Corporation, a Delaware corporation ("SPCC" or the "Company") owned by Southern Peru Holdings Company, a Delaware corporation ("SPHC"). The Stock Interest constitutes an approximately 54.18% equity interest in the outstanding shares of capital stock of SPCC (assuming conversion of the outstanding shares of Class A Common Stock into shares of SPCC common stock, par value $0.01 per share (the "Common Stock"), on a one-to-one basis). We understand that ASARCO Incorporated ("Asarco") and its wholly-owned subsidiary, SPHC, are considering entering into a transaction (the "Transaction") whereby SPHC will sell the Stock Interest to Asarco's parent, Americas Mining Corporation ("AMC"). We understand that, prior to the delivery of this valuation report, the parties to the Transaction had set a sale price of $765.0 million for the Stock Interest, and we understand that the parties to the Transaction did not use this report to set such price.

The objective of our analysis was to provide a recommendation of the fair market value of the Stock Interest, based upon a valuation of SPCC as a going concern. The Date of Valuation for our analysis is December 31, 2002, and from the Date of Valuation to the date of this report, no factors, including, but not limited to, the current stock price and the current price per pound of copper, have come to our attention which would affect our analysis of the fair market value of the Stock Interest contained herein. We understand that our recommendation of fair market value will be used by management of Asarco and its affiliates and EYCF LLC solely for their determination that the Transaction price is at a reasonably equivalent value. Neither the appraisal letter nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, loan agreement or other agreement or document given to third parties without our prior written consent. Notwithstanding the foregoing, each of Grupo México, S.A. de C.V. ("Grupo Mexico") and AMC is entitled to rely on this letter as though the same were addressed to it. Furthermore, we understand that this letter will be included as an exhibit to EYCF LLC's "reasonably equivalent value" recommendation, and that their letter will be included as an exhibit to the Transaction's stock purchase agreement (the "Stock Purchase Agreement"), which will be included as an exhibit to the Consent Decree (the "Consent Decree") to be filed with the United States District Court for the District of Arizona (the "Court"). Furthermore, we understand that this letter will be submitted to the United States Department of Justice (the "DOJ") prior to the filing with the court of, and in connection with the negotiation with the DOJ of, the terms of the Consent Decree and the Stock Purchase Agreement. In addition, we understand that this letter will be disclosed to Asarco's affiliates, including Grupo Mexico, AMC and SPHC, in connection with the Transaction.

This analysis should not be construed as a fairness opinion or investment advice and should not be used as a basis to set a transaction price. We assume no responsibility to negotiate a purchase or sale for the buyer or seller at the recommended value.

For the purpose of this analysis, we have defined fair market value as:

> *...the price at which the Stock Interest would change hands between a willing buyer and willing seller, neither being under compulsion to buy or sell and both having reasonable knowledge of all relevant facts.*

We performed certain procedures, analyses and inquiries as we have deemed necessary and appropriate, including the following:

- Interviews with Asarco and SPCC and their representatives concerning:
  - the nature and operations of the business of the Company, including the Company's historical financial performance
  - any existing business plans, future performance estimates, or budgets for the Company
  - the assumptions underlying the business plans, estimates, or budgets, as well as the risk factors that could affect planned performance;
- Analyses of corporate documents, including charter, by-laws and Agreement Among Certain Stockholders of Southern Peru Copper Corporation (the "Stockholders' Agreement");
- Analysis of research analysts' reports related to SPCC, its competitors, and the copper market;
- Analysis of the industry, as well as the economic and competitive environments in which the Company operates, including copper prices;
- Analysis of the performance and market position of the Company relative to its competitors and/or similar publicly-traded companies;

- Analysis of financial data of similar publicly traded companies to develop appropriate valuation multiples;

- Analysis of various mining transactions to estimate a range of control premiums (as applicable);

- Valuation analysis of the Company considering applicable valuation methodologies including:
  - Discounted Cash Flow
  - Guideline Company
  - Similar Transactions;

- Preparation of this letter, outlining our recommendation of fair market value and the methodologies employed in the analysis.

Our valuation analysis and recommendation of fair market value were based on historical and prospective information and financial data provided by Asarco and SPCC. We did not independently investigate or otherwise verify the data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness. We understand that any prospective financial information provided is based on expectations of competitive and economic environments as they may impact the future operations of the Company, and that management of Asarco and SPCC has consistently applied key assumptions during the estimation period and has not omitted any factors that may be relevant. In addition, Asarco and SPCC and their representatives understand that any such omissions or misstatements may materially affect our valuation analysis.

As of October 31, 2002, SPCC has 80,008,420 shares outstanding in two classes of stock. There are 65,900,833 shares of Class A Common Stock outstanding, owned by three major shareholders: SPHC, which owns 43,348,949 shares, representing a 54.18% equity interest in SPCC; Cerro Trading Company, which owns 11,378,088 shares, representing a 14.22% equity interest in SPCC; and Phelps Dodge, which owns 11,173,796 shares, representing a 13.97% equity interest in SPCC (in each case assuming conversion of all shares of Class A Common Stock into Common Stock on a one-to-one basis). Class A Common Stock is convertible on a one-to-one basis into Common Stock. In certain circumstances in a combined vote of Class A Common Stock and Common Stock of SPCC, each share of Class A Common Stock counts as 5 shares of Common Stock. The Stock Interest represents a 63.08% voting interest in such a combined vote. There are 14,107,587 shares of Common Stock outstanding, representing 17.63% of the total shares outstanding (assuming conversion of all shares of Class A Common Stock into Common Stock on a one-to-one basis). Shares of Common Stock trade on the NYSE under the ticker symbol "PCU".

SPCC is an integrated producer of copper that operates mining, smelting, and refining facilities in Peru and is one of the 10 largest copper producers in the world. The Company primarily operates two copper mines, the Toquepala and Cuajone, Peru, and a copper smelter and refinery at Ilo, Peru.

Valuation Methodology

In the valuation of a controlling interest in a public company, such as the Stock Interest, where the public company is being valued as a "going concern," three general approaches are considered in the determination of value: the Income Approach, the Market Approach, and the Cost Approach. The nature and characteristics of the business and the objective of the engagement indicate which approach, or approaches, are most applicable for valuation purposes.

The ***Income Approach***, which most commonly incorporates the use of the Discounted Cash Flow Method, focuses on the income-producing capability of the business enterprise by incorporating the specific operating characteristics of the subject company in a prospective analysis. Additionally, an assessment is made of an appropriate risk adjusted discount rate to apply to estimates of cash flow.

Two commonly-applied methodologies in the ***Market Approach*** to value are the Guideline Company and the Similar Transactions Methods. The Guideline Company Method focuses on comparing the subject company's risk profile and growth prospects to selected reasonably similar (or "guideline") publicly-traded companies. In the Similar Transactions Method, consideration is given to prices paid in recent transactions that have occurred in the subject company's industry or in related industries.

In the ***Cost Approach*** to value, also referred to as the Adjusted Net Assets Method, a valuation analysis is performed for a company's identified fixed, financial, and other assets. The derived aggregate value of these assets is then "netted" against the estimated value of all existing and potential liabilities, resulting in an indication of the value of the shareholders' equity.

For purposes of the valuation of SPCC as a going concern, the Income and Market Approaches to value were applied to arrive at a recommendation of fair market value of SPCC as a going concern. Specifically, the Income Approach incorporated the use of the Discounted Cash Flow Method, whereas the Market Approach incorporated the use of the Guideline Company Method. In each case, these Approaches provided a value indication for the entire Company. We multiplied these value indications by SPHC's 54.18% interest to determine the value of the Stock Interest. In addition, we performed a search for relevant merger and acquisition activity (Similar Transactions Method). We also considered the public trading price of SPCC Common Stock as a means of validating the indications of value derived through the Discounted Cash Flow and Guideline Company Methods.

It should be noted that we have based our analysis on the most recently available historical data for SPCC (November 30, 2002).

Exhibit B presents the selected income statement data, balance sheet data, and the valuation assumptions used to develop the Company's estimated debt-free cash flow available for distribution. An important assumption used in this analysis was a copper price per pound of $0.80 in 2003 and $0.85 throughout the remainder of the estimation period. In addition, we also applied a discount rate of 9% and a terminal growth rate of 3%.

Exhibit D presents the Guideline Company Method in which the multiples derived from the guideline companies were applied to the operating data for SPCC to arrive at an indication of value.

In the Guideline Company Method, we selected companies we believed to be similar to SPCC. We selected companies based on: (i) business description, (ii) SIC code and primary industry, (iii) sources of revenue, and (iv) size of operation based on revenues generated. Based on the above criteria, we selected the following companies: Phelps Dodge Corp.; Freeport McMoran Copper; Teck Cominco Ltd.; Inco Ltd.; Noranda, Inc.; Falconbridge Ltd.; and Antofagasta PLC.

We also considered the Similar Transactions Method; however, we did not give weight to this analysis as part of our overall value recommendation, as the publicly available data was incomplete and not considered reasonably comparable to derive a meaningful value indication.

Although considered, the Cost Approach was not utilized in the analysis because it does not appropriately reflect the value of the assets based on future earnings or cash flow. The Cost Approach more appropriately produces a value that considers an orderly liquidation scenario, rather than a value as a going concern. While our value indication, using both the Income and Market Approaches, is slightly below book value (similar to certain of the comparable companies), an orderly liquidation of the assets was estimated to have a value less than these value indications, thus indicating that an owner of the Stock Interest would not pursue a strategy of asset liquidation to maximize value.

Value Recommendation

Based on our analysis, the recommended fair market value (rounded) as of December 31, 2002, of the Stock Interest[1] is reasonably represented as:

SIX HUNDRED FORTY MILLION DOLLARS

OR

$640,000,000

Please refer to Exhibits A – G for more detail. We appreciate having been given the opportunity to provide Ernst & Young's valuation services to Ernst & Young Corporate Finance LLC and ASARCO Incorporated. Our valuation is subject to the attached statement of limiting conditions and certification. If you have any questions or require additional information please contact Tony Aaron at (213) 977-3364, David Uebelhack at (213) 977-3223 or Mike Tully at (213) 977-3527.

Very truly yours,

Ernst + Young LLP

[1] SPHC owns 43,348,949 shares of Class A Common Stock. SPCC has 80,008,420 shares outstanding (assuming conversion of all shares of Class A Common Stock on a one-to-one basis).

Certification
Asarco Incorporated

The undersigned hereby certify that the members of our engagement team have no direct or indirect financial interest in the property that is the subject of this engagement. In addition, the members of our engagement team have no direct or indirect personal interest with respect to the parties involved in the engagement (other than that Ernst & Young Corporate Finance LLC is a wholly-owned subsidiary of Ernst & Young LLP). Furthermore, none of the undersigned individuals have personally visited the subject company and/or subject assets; neither our employment nor our compensation in connection with the letter is in any way contingent on the recommendations reached or values estimated; this letter sets forth all of the assumptions and limiting conditions affecting the analysis, values, and recommendations contained herein; this letter is intended to have been prepared in conformity with, and is subject to, the requirements of the Principles of Appraisal Practice and Code of Ethics of and the Business Valuation Standards of the American Society of Appraisers ("ASA"); this letter is intended to have been prepared in conformity with the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research ("AIMR"); this letter is intended to have been prepared in conformity with the Uniform Standards of Professional Appraisal Practice ("USPAP") as set forth by the Appraisal Standards Board ("ASB") of the Appraisal Foundation; all Senior Members, Fellows, and Life Members of the ASA who have participated in the preparation of this letter are either in compliance with the mandatory recertification requirements of the ASA or are exempt from those requirements; no person other than the undersigned or those acknowledged in the letter prepared the analysis, values, or recommendations set forth in this letter; and, to the best of our knowledge and belief, the statements of fact contained in this letter are true and correct.

____

Michael W. Tully, CFA, ASA
Senior Manager
Ernst & Young LLP
Accredited Senior Appraiser
American Society of Appraisers
Business Valuation

____

Brendan P. Gallagher
Senior Analyst
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<u>Review Appraisers:</u>

____

David C. Uebelhack, ASA
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Business Valuation

____

Anthony V. Aaron, CFA, ASA
Accredited Senior Appraiser
Ernst & Young LLP
American Society of Appraisers
Business Valuation

Statement of Limiting Conditions

1. Nothing has come to our attention to cause us to believe that the facts and data set forth in this letter are not correct.

2. Provision of valuation recommendations and considerations of the issues described herein are areas of regular valuation practice for which we believe that we have, and hold ourselves out to the public as having, substantial knowledge and experience. The services provided are limited to such knowledge and experience and do not represent audit, advisory or tax-related services that may otherwise be provided by Ernst & Young LLP.

3. No investigation of the title to the Stock Interest has been made, and the owner's claim to the Stock Interest is assumed to be valid. No responsibility is assumed for matters of a legal nature, including liens or encumbrances which may be against the Stock Interest, except as specifically stated in the letter. Notwithstanding the foregoing, each of Grupo Mexico and AMC is entitled to rely on this letter as though the same were addressed to it. Furthermore, we understand that this letter will be included as an exhibit to EYCF LLC's "reasonably equivalent value" recommendation, and that their letter will be included as an exhibit to the Stock Purchase Agreement, which will be included as an exhibit to the Consent Decree to be filed with the Court. Furthermore, we understand that this letter will be submitted to the DOJ prior to the filing with the court of, and in connection with the negotiation with the DOJ of, the terms of the Consent Decree and the Stock Purchase Agreement. Furthermore, we understand that this letter will be disclosed to Asarco's affiliates, including Grupo Mexico, AMC and SPHC, in connection with the Transaction.

4. This letter has been prepared solely for the purpose stated, and should not be used for any other purpose. Neither this letter nor any portions thereof shall be copied or disseminated through advertising, public relations, news, sales, Securities and Exchange Commission disclosure documents or any other public (or private) media without the express written approval of Ernst & Young LLP.

5. The value recommendation contained herein is not intended to represent the value of the Stock Interest at any time other than the effective date that is specifically stated in this letter; however, from the Date of Valuation to the date of this report, no factors, including, but not limited to, the current stock price and the current price per pound of copper, have come to our attention which would affect our analysis of the fair market value of the Stock Interest contained herein. Changes in market conditions could result in a current value recommendation substantially different than those presented at the stated effective date. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser of the Stock Interest at the value stated herein.

6. No responsibility is assumed for information furnished by others (including management), and such information is believed to be reliable.

7. In the course of our analysis, we were provided by the management of Asarco and SPCC with written information, oral information, and/or data in electronic form (e.g., computer diskettes), related to the structure, operation, and financial performance of the subject company. We have relied upon this information in our analyses and in the preparation of this letter, and have not independently verified its accuracy or completeness.

8. Certain historical financial data used in our valuation engagement were derived from audited and unaudited financial statements of SPCC and are the responsibility of management of Asarco and SPCC. The financial statements include disclosures required by generally accepted accounting principles. Those disclosures required are not repeated herein, and those who are not informed about such matters should refer to the audited financial statements. In addition, certain historical financial data used in our valuation engagement were provided by management of Asarco and SPCC and are unaudited. We have not independently verified the accuracy or completeness of the data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.

9. The estimates of cash flow data of SPCC provided by management of Asarco and SPCC, and included herein, are solely for use in the valuation analysis and are not intended for use as forecasts or projections of future operations. We have not performed an examination or compilation of the accompanying cash flow data in accordance with standards prescribed by the American Institute of Certified Public Accountants, and, accordingly, do not express an opinion or offer any form of assurance on the accompanying cash flow data or their underlying assumptions. Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

10. Our letter assumes full compliance with all applicable federal, state and local zoning, usage, environmental and similar laws and regulations, unless otherwise stated.

11. We assume no responsibility for any financial and tax reporting judgments, which are appropriately those of management of Asarco and SPCC. It is our understanding that management of Asarco and SPCC accepts the responsibility for any financial statement and tax reporting issues with respect to the assets covered by our analysis, and for the ultimate use of our analysis and letter.

12. This presentation does not comprise a Comprehensive Written Business Valuation Report as set forth in BVS-VIII, as of February 2001 by the Business Valuation Committee of the American Society of Appraisers ("ASA") and approved by the ASA Board of Governors. Segments

consisting of detailed description concerning the history and nature of the business, industry and economic outlook, and financial analysis have been omitted from this presentation.

13. Ernst & Young LLP shall not assume any responsibility for identifying structural conditions of property owned by SPCC (or its subsidiaries). No analysis will be made of the subsurface or the hazardous waste conditions, if any. Our services shall not take into consideration the possibility of the existence of toxic substances, hazardous or contaminated conditions, or underground storage tanks, nor the costs associated with remediating such substances or conditions (other than that which is already included in any historical financial information and/or projections provided to us by management of Asarco and SPCC). Ernst & Young LLP is not qualified to detect, and shall not be responsible for detecting, such substances or conditions.

List of Exhibits

Asarco, Inc.

Exhibit A.1

Southern Peru Copper Corporation
Valuation Summary
Date of Valuation: December 31, 2002
(US$ in 000's)

PRELIMINARY & SUBJECT TO CHANGE

Selected Method	Selected Discount Rate		Indicated Equity Value	Implied Price Per Share of Common Stock	SPHC's 54.18% Interest (d) (Rounded)
Discounted Cash Flow - Equity (majority, marketable)					
Base case (a), (b)	9.0%		$1,169,454	$14.62	$633,616
Guideline Company - Equity (majority, marketable) (c)			$1,188,681	$14.86	$644,033
		High	$1,188,681	$14.86	$644,033
		Low	$1,169,454	$14.62	$633,616
		Average	$1,179,067	$14.74	$638,824
		Median	$1,179,067	$14.74	$638,824
		Preliminary Value Indication			**$640,000**

Notes:
(a) Base case assumes copper price of $ .80 in 2003 and $ .85 throughout the remainder of the estimation period.
(b) SPHC's interest in SPCC = 43,348,949 shares; Asarco owns an additional 185,600 shares of Common Stock that are not being sold;
SPCC total shares outstanding = 80,008,420 (assuming conversion to Common Stock on a one-to-one basis).
(c) Guideline company analysis includes a 30% control premium
(d) Assuming conversion to Common Stock on a one-to-one basis

This is not a Fairness Opinion

Southern Peru Copper Corporation
Shares Outstanding

		Percent of Total
Common stock outstanding (a)		
Class A common shares (b)		
ASARCO (SPHC)	43,349	54.18%
Cerro Trading Company	11,378	14.22%
Phelps Dodge	11,174	13.97%
Total Class A common shares	65,901	82.37%
Common shares outstanding	14,108	17.63%
Total shares outstanding (c)	80,008	100.0%
Public Float	14,090	17.61%

Notes:
(a) Common stock figures in thousands
(b) Converts to Common Stock on a one-to-one basis
(c) Assumes conversion to Common Stock on a one-to-one basis

Southern Peru Copper

DCF Method--Indications of Value

Date of Valuation: December 31, 2002

(US$ in 000's)

Indicated value utilizing	Sum of cash flows, detailed periods	add: Present value terminal year	add: Reported cash balance (a)	Unadjusted business enterprise value	less: Interest bearing debt (a)	Indicated equity value
Constant Growth Model	$699,793	$621,561	$147,100	$1,468,454	($299,000)	$1,169,454

Indicated equity value (control, marketable basis)	$1,169,454
SPHC's 54.18% interest	$633,616
SPHC's indicated equity interest in SPCC (control, marketable basis) (rounded)	**$633,600**
SPHC's indicated equity interest per share (control, marketable basis) (b)	**$14.62**

Notes:

(a) As of November 30, 2002.

(b) Number of SPHC shares outstanding (000's): 43,349 (Converts to Common Stock on a one-to-one basis)

Total number of shares outstanding (000's) 80,008 (Assumes conversion to Common Stock on a one-to-one basis)

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

ASARCO, INC.

Exhibit B.2

Southern Peru Copper

DCF Method--Derivation of Cash Flows

Date of Valuation: December 31, 2002

(US$ in 000's)

	For the latest twelve months ended 11/30/2002	For the twelve month periods ending December 31, 2003	2004	2005	2006	2007	2008	2009	2010
Revenue	$660,621	$741,448	$805,880	$809,624	$1,069,560	$1,132,161	$1,089,825	$1,115,748	$1,101,345
Cost of sales	$441,148	420,862	424,191	424,556	740,468	750,333	737,980	760,763	732,432
Gross margin	219,473	320,586	381,689	385,068	329,092	381,828	351,845	354,985	368,913
Administrative expenses	28,804	28,300	28,300	28,300	28,300	28,300	28,300	28,300	28,300
Exploration	8,261	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
EBITDA	182,408	285,286	346,389	349,768	293,792	346,528	316,545	319,685	333,613
Depreciation, depletion and amortization expense	70,285	84,800	88,500	89,900	112,200	112,300	110,500	105,400	98,700
EBIT	112,123	200,486	257,889	259,868	181,592	234,228	206,045	214,285	234,913
Other expense (income)	4,152	0	0	0	0	0	0	0	0
Earnings before taxes	107,971	200,486	257,889	259,868	181,592	234,228	206,045	214,285	234,913
Tax expense (a)	31,042	60,146	77,367	77,960	54,478	70,268	61,814	64,286	70,474
Debt-free net earnings	$76,929	140,340	180,522	181,908	127,114	163,960	144,232	150,000	164,439
Add: Depreciation, depletion and amortization		84,800	88,500	89,900	112,200	112,300	110,500	105,400	98,700
Add (Less): Changes in debt-free net working capital (less cash)		17,900	3,900	(15,800)	(54,700)	55,500	(8,600)	8,100	11,200
Less: Capital expenditures		(204,100)	(350,500)	(293,500)	(283,400)	(118,900)	(113,600)	(113,700)	(113,300)
Debt-free cash flow available for distribution		38,940	(77,578)	(37,492)	(98,786)	212,860	132,532	149,800	161,039
Present value factor @ 9.0%		0.9578	0.8787	0.8062	0.7396	0.6785	0.6225	0.5711	0.5240
Present value--debt-free cash flow		$37,298	($68,171)	($30,226)	($73,064)	$144,436	$82,504	$85,554	$84,379
Sum of present values	**$699,793**								

Notes:

EBITDA = Earnings before interest, taxes, depreciation, and amortization; EBIT = Earnings before interest and taxes.

(a) Tax rate = 30% of earnings before taxes.

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

ASARCO, INC.

Exhibit B.2 (Con't)

Southern Peru Copper

DCF Method--Derivation of Cash Flows

Date of Valuation: December 31, 2002

(US$ in 000's)

	For the twelve month periods ending December 31,							
	2011	2012	2013	2014	2015	2016	2017	2018
Revenue	$1,092,648	$1,046,356	$1,082,137	$1,089,085	$1,084,488	$1,041,486	$1,061,833	$1,061,833
Cost of sales	716,069	683,927	729,784	745,968	747,428	722,646	740,477	741,153
Gross margin	376,579	362,429	352,353	343,117	337,060	318,840	321,356	320,680
Administrative expenses	28,300	28,300	28,300	28,300	28,300	28,300	28,300	28,300
Exploration	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
EBITDA	341,279	327,129	317,053	307,817	301,760	283,540	286,056	285,380
Depreciation expense	95,300	97,000	90,400	81,100	81,100	82,000	80,300	77,200
EBIT	245,979	230,129	226,653	226,717	220,660	201,540	205,756	208,180
Other expense (income)	0	0	0	0	0	0	0	0
Earnings before taxes	245,979	230,129	226,653	226,717	220,660	201,540	205,756	208,180
Tax expense (a)	73,794	69,039	67,996	68,015	66,198	60,462	61,727	62,454
Debt-free net earnings	172,185	161,090	158,657	158,702	154,462	141,078	144,029	145,726
Add: Depreciation and amortization	95,300	97,000	90,400	81,100	81,100	82,000	80,300	77,200
Add (Less): Changes in debt-free net working capital	6,600	(3,900)	800	5,100	4,600	700	6,800	3,700
Less: Capital expenditures	(89,200)	(89,900)	(94,900)	(99,500)	(112,600)	(101,600)	(88,000)	(88,000)
Debt-free cash flow available for distribution	184,885	164,290	154,957	145,402	127,562	122,178	143,129	138,626
Present value factor @ 9.0%	0.4807	0.4410	0.4046	0.3712	0.3405	0.3124	0.2866	0.2630
Present value--debt-free cash flow	$88,874	$72,454	$62,695	$53,972	$43,440	$38,171	$41,025	$36,453

Notes:

EBITDA = Earnings before interest, taxes, depreciation, and amortization; EBIT = Earnings before interest and taxes.

(a) Tax rate = 30% of earnings before taxes

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

Southern Peru Copper
DCF Method--Calculation of Normalized Debt-Free Cash Flow
Date of Valuation: December 31, 2002
(US$ in 000's)

Normalized Debt-Free Cash Flow	Data
EBITDA (a)	$285,380
Less: Depreciation, depletion and amortization (normalized)	88,000
Earnings before interest and taxes, adjusted	197,380
Other expense (income)	0
Earnings before taxes	197,380
Tax expense	59,214
Subtotal, debt-free net earnings	$138,166
Add: Depreciation, depletion and amortization	88,000
Add/(Less): Changes in debt-free net working capital	(474)
Less: Capital expenditures	(88,000)
Debt-free cash flow available for distribution	$137,692

Notes:
EBITDA = Earnings before interest, taxes, depreciation, and amortization.
(a) Financial data as of last period of estimation (refer to Exhibit B.2).

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

Southern Peru Copper

DCF Method--Derivation of Terminal Year Values

Date of Valuation: December 31, 2002

(US$ in 000's)

Constant Growth Model	
Debt-free cash flow, normalized (a)	$137,692
Terminal year growth rate	3.0%
Debt-free cash flow, year ahead	141,823
Divided by: Capitalization rate	6.0%
Capitalized value at end of estimation period	2,363,713
Discount period	15.5
Present value factor @ 9.0%	0.2630
Present value of terminal year	**$621,561**

Notes:

EBITDA = Earnings before interest, taxes, depreciation, and amortization; EBIT = Earnings before interest and taxes.

(a) Financial data as of last period of estimation (refer to Exhibit B.3).

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

ASARCO, INC.

Exhibit B.5

Southern Peru Copper

DCF Method--Selected Income Statement Data (Margins)

Date of Valuation: December 31, 2002

Common Size	LTM ended 11/30/2002	For the twelve month periods ending December 31, 2003	2004	2005	2006	2007	2008	2009	2010
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	66.8%	56.8%	52.6%	52.4%	69.2%	66.3%	67.7%	68.2%	66.5%
Gross margin	33.2%	43.2%	47.4%	47.6%	30.8%	33.7%	32.3%	31.8%	33.5%
Administrative expenses	4.4%	3.8%	3.5%	3.5%	2.6%	2.5%	2.6%	2.5%	2.6%
Exploration	1.3%	0.9%	0.9%	0.9%	0.7%	0.6%	0.6%	0.6%	0.6%
EBITDA	27.6%	38.5%	43.0%	43.2%	27.5%	30.6%	29.0%	28.7%	30.3%
Depreciation, depletion and amortization expense	10.6%	11.4%	11.0%	11.1%	10.5%	9.9%	10.1%	9.4%	9.0%
EBIT	17.0%	27.0%	32.0%	32.1%	17.0%	20.7%	18.9%	19.2%	21.3%
Other expense (income)	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	16.3%	27.0%	32.0%	32.1%	17.0%	20.7%	18.9%	19.2%	21.3%
Tax expense (a)	4.7%	8.1%	9.6%	9.6%	5.1%	6.2%	5.7%	5.8%	6.4%
Debt-free net earnings	11.6%	18.9%	22.4%	22.5%	11.9%	14.5%	13.2%	13.4%	14.9%

Notes:

EBITDA = Earnings before interest, taxes, depreciation, and amortization; EBIT = Earnings before interest and taxes; LTM = latest twelve months.

(a) Tax rate = 30% of earnings before taxes.

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

ASARCO, INC.

Exhibit B.5 (Con't)

Southern Peru Copper

DCF Method--Selected Income Statement Data (Margins)

Date of Valuation: December 31, 2002

	For the twelve month periods ending December 31,							
Common Size	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	65.5%	65.4%	67.4%	68.5%	68.9%	69.4%	69.7%	69.8%
Gross margin	34.5%	34.6%	32.6%	31.5%	31.1%	30.6%	30.3%	30.2%
Administrative expenses	2.6%	2.7%	2.6%	2.6%	2.6%	2.7%	2.7%	2.7%
Exploration	0.6%	0.7%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%
EBITDA	31.2%	31.3%	29.3%	28.3%	27.8%	27.2%	26.9%	26.9%
Depreciation, depletion and amortization expense	8.7%	9.3%	8.4%	7.4%	7.5%	7.9%	7.6%	7.3%
EBIT	22.5%	22.0%	20.9%	20.8%	20.3%	19.4%	19.4%	19.6%
Other expense (income)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	22.5%	22.0%	20.9%	20.8%	20.3%	19.4%	19.4%	19.6%
Tax expense (a)	6.8%	6.6%	6.3%	6.2%	6.1%	5.8%	5.8%	5.9%
Debt-free net earnings	15.8%	15.4%	14.7%	14.6%	14.2%	13.5%	13.6%	13.7%

Notes:

EBITDA Earnings before interest, taxes, depreciation, and amortization; EBIT Earnings before interest and taxes.

(a) Tax rate = 30% of earnings before taxes.

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

ASARCO, INC.

Exhibit B.6

Southern Peru Copper

DCF Method--Selected Income Statement Data (Growth Rates)

Date of Valuation: December 31, 2002

Year-to-Year Growth Rates	LTM ended 11/30/2002	For the twelve month periods ending December 31, 2003	2004	2005	2006	2007	2008	2009	2010
Revenue	--	12.2%	8.7%	0.5%	32.1%	5.9%	-3.7%	2.4%	-1.3%
Cost of sales	--	-4.6%	0.8%	0.1%	74.4%	1.3%	-1.6%	3.1%	-3.7%
Gross margin	--	46.1%	19.1%	0.9%	-14.5%	16.0%	-7.9%	0.9%	3.9%
Administrative expenses	--	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Exploration	--	-15.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	--	56.4%	21.4%	1.0%	-16.0%	18.0%	-8.7%	1.0%	4.4%
Depreciation, depletion and amortization expense	--	20.7%	4.4%	1.6%	24.8%	0.1%	-1.6%	-4.6%	-6.4%
EBIT	--	78.8%	28.6%	0.8%	-30.1%	29.0%	-12.0%	4.0%	9.6%
Other expense (income)	--	-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	--	85.7%	28.6%	0.8%	-30.1%	29.0%	-12.0%	4.0%	9.6%
Tax expense (a)	--	93.8%	28.6%	0.8%	-30.1%	29.0%	-12.0%	4.0%	9.6%
Debt-free net earnings	--	82.4%	28.6%	0.8%	-30.1%	29.0%	-12.0%	4.0%	9.6%

Compound Annual Growth Rates (2003-2018)	
Revenue	2.4%
EBITDA	0.0%
EBIT	0.3%
Debt-free net earnings	0.3%

Notes:

nmf = not meaningful

EBITDA = Earnings before interest, taxes, depreciation, and amortization; EBIT = Earnings before interest and taxes.

(a) Tax rate = 30% of earnings before taxes.

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

Southern Peru Copper
DCF Method--Selected Income Statement Data (Growth Rates)
Date of Valuation: December 31, 2002

	For the twelve month periods ending December 31,							
Year-to-Year Growth Rates	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Revenue	-0.8%	-4.2%	3.4%	0.6%	-0.4%	-4.0%	2.0%	0.0%
Cost of sales	-2.2%	-4.5%	6.7%	2.2%	0.2%	-3.3%	2.5%	0.1%
Gross margin	2.1%	-3.8%	-2.8%	-2.6%	-1.8%	-5.4%	0.8%	-0.2%
Administrative expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Exploration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	2.3%	-4.1%	-3.1%	-2.9%	-2.0%	-6.0%	0.9%	-0.2%
Depreciation, depletion and amortization expense	-3.4%	1.8%	-6.8%	-10.3%	0.0%	1.1%	-2.1%	-3.9%
EBIT	4.7%	-6.4%	-1.5%	0.0%	-2.7%	-8.7%	2.1%	1.2%
Other expense (income)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	4.7%	-6.4%	-1.5%	0.0%	-2.7%	-8.7%	2.1%	1.2%
Tax expense (a)	4.7%	-6.4%	-1.5%	0.0%	-2.7%	-8.7%	2.1%	1.2%
Debt-free net earnings	4.7%	-6.4%	-1.5%	0.0%	-2.7%	-8.7%	2.1%	1.2%

Notes: -
nmf not meaningful
EBITDA Earnings before interest, taxes, depreciation, and amortization; EBIT Earnings before interest and taxes
(a) Tax rate 30% of earnings before taxes.
Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

Southern Peru Copper

DCF Method--Selected Balance Sheet Assumptions (Non-Cash Charges and Capital Expenditures)

Date of Valuation: December 31, 2002

(US$ in 000's)

Depreciation and Capital Expenditures	For the twelve month periods ending December 31, 2003	2004	2005	2006	2007	2008	2009	2010
Beginning depreciable existing fixed assets	$1,430,300	$1,549,600	$1,811,600	$2,015,200	$2,186,400	$2,193,000	$2,196,100	$2,204,400
Capital additions	$204,100	$350,500	$293,500	$283,400	$118,900	$113,600	$113,700	$113,300
Total depreciation, depletion and amortization	$84,800	$88,500	$89,900	$112,200	$112,300	$110,500	$105,400	$98,700
Subtotal, ending depreciable fixed assets	$1,549,600	$1,811,600	$2,015,200	$2,186,400	$2,193,000	$2,196,100	$2,204,400	$2,219,000
Total beginning net fixed assets	$1,430,300	$1,549,600	$1,811,600	$2,015,200	$2,186,400	$2,193,000	$2,196,100	$2,204,400
Total capital additions	$204,100	$350,500	$293,500	$283,400	$118,900	$113,600	$113,700	$113,300
Total depreciation	$84,800	$88,500	$89,900	$112,200	$112,300	$110,500	$105,400	$98,700
Total ending net fixed assets	$1,549,600	$1,811,600	$2,015,200	$2,186,400	$2,193,000	$2,196,100	$2,204,400	$2,219,000
Total average net fixed assets	$1,489,950	$1,680,600	$1,913,400	$2,100,800	$2,189,700	$2,194,550	$2,200,250	$2,211,700
Total average net fixed asset turnover (times)	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5

Notes:

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

ASARCO, INC.

Exhibit B.7 (Con't)

Southern Peru Copper

DCF Method--Selected Balance Sheet Assumptions (Non-Cash Charges and Capital Expenditures)

Date of Valuation: December 31, 2002

(US$ in 000's)

Depreciation and Capital Expenditures	2011	2012	2013	2014	2015	2016	2017	2018
Beginning depreciable existing fixed assets	$2,222,129	$2,216,029	$2,208,929	$2,213,429	$2,231,829	$2,263,329	$2,282,929	$2,290,629
Capital additions	$89,200	$89,900	$94,900	$99,500	$112,600	$101,600	$88,000	$88,000
Total depreciation, depletion and amortization	$95,300	$97,000	$90,400	$81,100	$81,100	$82,000	$80,300	$77,200
Subtotal, ending depreciable fixed assets	$2,216,029	$2,208,929	$2,213,429	$2,231,829	$2,263,329	$2,282,929	$2,290,629	$2,301,429
Total beginning net fixed assets	$2,222,129	$2,216,029	$2,208,929	$2,213,429	$2,231,829	$2,263,329	$2,282,929	$2,290,629
Total capital additions	$89,200	$89,900	$94,900	$99,500	$112,600	$101,600	$88,000	$88,000
Total depreciation	$95,300	$97,000	$90,400	$81,100	$81,100	$82,000	$80,300	$77,200
Total ending net fixed assets	$2,216,029	$2,208,929	$2,213,429	$2,231,829	$2,263,329	$2,282,929	$2,290,629	$2,301,429
Total average net fixed assets	$2,219,079	$2,212,479	$2,211,179	$2,222,629	$2,247,579	$2,273,129	$2,286,779	$2,296,029
Total average net fixed asset turnover (times)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5

Notes:

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

ASARCO, INC.

Exhibit B.8

Southern Peru Copper

DCF Method--Selected Balance Sheet Assumptions (Net Working Capital)

Date of Valuation: December 31, 2002

(US$ in 000's)

Debt-Free Net Working Capital Data	As of 11/30/2002	For the twelve month periods ending December 31, 2003	2004	2005	2006	2007	2008	2009	2010
DFNWC less cash	$57,700	$39,800	$35,900	$51,700	$106,400	$50,900	$59,500	$51,400	$40,200
DFNWC, % of revenue	8.7%	5.4%	4.5%	6.4%	9.9%	4.5%	5.5%	4.6%	3.7%
Increase (decrease) in DFNWC	--	($17,900)	($3,900)	$15,800	$54,700	($55,500)	$8,600	($8,100)	($11,200)

Notes:
DFNWC - Debt-free net working capital
LTM - latest twelve months.
nmf - not meaningful
Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

ASARCO, INC.

Exhibit B.8 (Con't)

Southern Peru Copper

DCF Method--Selected Balance Sheet Assumptions (Net Working Capital and Returns)

Date of Valuation: December 31, 2002

(US$ in 000's)

	For the twelve month periods ending December 31,							
Debt-Free Net Working Capital Data (a)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
DFNWC less cash	$33,600	$37,500	$36,700	$31,600	$27,000	$26,300	$19,500	$15,800
DFNWC, % of revenue	3.1%	3.6%	3.4%	2.9%	2.5%	2.5%	1.8%	1.5%
Increase/(decrease) in DFNWC	($6,600)	$3,900	($800)	($5,100)	($4,600)	($700)	($6,800)	($3,700)

Notes:
DFNWC = Debt-free net working capital
nmf = not meaningful

Source: Asarco and Southern Peru Copper Corporation. Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

Exhibit C.1
Discount Rate Derivation

To arrive at the present value of the debt-free cash flow available for distribution in the Discounted Cash Flow Method, an estimate of an appropriate discount rate was necessary. In our evaluation of the risk associated with the expected cash flow of SPCC, we considered the Weighted Average Cost of Capital ("WACC"). The WACC measures a company's cost of debt and equity financing weighted by the percentage of debt and percentage of equity in a company's target capital structure.

General Theory

The magnitude of the discount rate is related to the perceived risk of the investment. The concept of risk involves an investment situation which lies between complete certainty of monetary return (no risk), and complete uncertainty of monetary return (infinite risk). When an investor contemplates two investments, each having the same expected monetary return, an investor would prefer the investment bearing the least risk. Therefore, the higher the risk, the higher the expected return.

Weighted Average Cost of Capital

The WACC measures a company's cost of debt and equity financing weighted by the percentage of debt and percentage of equity in a company's target capital structure. Arithmetically, the formula for calculating the after-tax WACC is:

$$\text{After-Tax WACC} = (k_d \times (1-T) \times D/(D+E)) + (k_e \times E/(D+E))$$

where:

k_d = Cost of debt financing
k_e = Cost of equity financing
D = Estimated market value (or book value) of debt
E = Estimated market value of equity
T = Assumed tax rate

Cost of Equity

To estimate the cost of equity financing, an adjusted version of the Capital Asset Pricing Model ("CAPM") was utilized. The CAPM measures the return required by investors given the company's risk profile. This model (as adjusted) is expressed arithmetically by the following equation:

$$k_e = r_f + (\beta \times rp_m) + rp_s + \alpha$$

where:

k_e	=	Cost of equity financing
r_f	=	Risk-free rate of return
β	=	Beta, a measure of the level of non-diversifiable risk associated with guideline company returns
rp_m	=	Market equity risk premium
rp_s	=	Small stock equity risk premium
α	=	Unsystematic (company-specific) risk factor

Risk-Free Rate of Return

The yield to maturity on a 20-year Treasury bond was used to approximate the risk-free rate. While the longest-term maturity government bond is generally considered to be the best approximation of a risk-free rate and 30-year Treasury bonds do exist, the yield to maturity on a 20-year Treasury bond is not affected by the additional demand for 30-year bonds that arise from being the longest maturity security available. At December 31, 2002, the yield to maturity on a 20-year Treasury bond was 4.8%.[1]

Beta

Beta was developed from a study of the stock betas of the guideline companies. The stock betas for each of the guideline companies were those reported by Bloomberg, and were calculated using a regression analysis based on weekly data from December 31, 2000 to December 31, 2002. In order to adjust for the effect of financial leverage on each company's beta, the stock betas were first "unlevered" based on the guideline company's actual debt-to-equity ratio and then "relevered" based on the capital structure developed on the following pages. Based on these data and analyses, a (relevered) beta of .4 was considered reasonable for use in this analysis.

[1]Source: Federal Reserve Bank

Market Equity Risk Premium

The expected return of the market in excess of the risk-free rate was estimated based on studies of actual historical stock market returns (*Stocks, Bonds Bills, and Inflation: 2001 Yearbook*, Ibbotson Associates). Based on this analysis, we concluded that an equity risk premium of 7.4% was appropriate.

Small Stock Equity Risk Premium

The Ibbotson study referred to above also identifies a small stock premium based on an analysis of low capitalization stocks. This premium recognizes that equity holders demand a higher return from companies that are smaller in size and total capitalization. The Ibbotson study calculates a premium referred to as the micro-capitalization equity size premium ("MCESP"). The MCESP is calculated as the difference between the actual return on "micro-capitalization" stocks (the smallest 20% of stocks on the New York Stock Exchange) and the expected CAPM return on the micro-capitalization stocks. The MCESP for the period from 1926 through 2001 was calculated in the Ibbotson study at 1.4%.

Unsystematic (Company-Specific) Risk Factor

As previously described, the unsystematic risk factor is intended to reflect additional risk that is not already captured in the beta or in the small stock premium. Factors which were considered in the selection of an unsystematic risk factor of 3.0% included: (i) size (ii) the risk associated with the level of competition in the marketplace, and (iii) foreign country risk.

The sum of: (i) the risk-free rate, (ii) the product of the beta coefficient and equity risk premium, (iii) the small stock risk premium, and (iv) the company-specific risk factor resulted in an after-tax cost of equity of 12.2%.

Cost of Debt

The pretax cost of debt was estimated based on the consideration of market debt rates for senior debt and subordinated debt, and is intended to reflect as closely as possible the actual marginal borrowing rates for SPCC.

Based on the above information and after consideration of SPCC's financial condition and borrowing capacity, a pretax cost of debt of 7.3% was considered reasonable for use in the analysis. Since interest expense is tax-deductible, the pretax cost of debt was converted to an after-tax rate using a total marginal tax rate of 30.0%. Therefore, the after-tax cost of debt was estimated at 5.1%.

Estimated Weighted Average Cost of Capital

The assumed proportion of debt and equity financing is an important component of the WACC calculation. In the analysis, the estimated target industry capital structure was arrived at through an analysis of the comparable companies' capital structures and the likely borrowing constraints of SPCC. Accordingly, both factors were considered in estimating the target capital structure to be 60.0% equity and 40.0% debt. The chosen capital structure was then used to weight the cost of debt and equity financing, as described above, to arrive at the estimated WACC of approximately 9%. A detailed calculation of the WACC for SPCC is presented on the following pages.

Valuation Analysis of Southern Peru Copper Corp.

	Book value of debt	Market value of equity	Effective tax rate	Levered beta	Unlevered Beta
Selected data for subject company	40.0%	60.0%	30.0%	- -	0.3

After-Tax Cost of Equity:	
Relevered beta using selected data for subject company	0.4
Equity risk premium (a)	7.4%
Company risk premium	3.0%
add: Risk free rate: return on long-term Treasury bonds (b)	4.8%
Unadjusted after-tax cost of equity	7.9%
add: Small company risk premium (c)	1.4%
add: Unsystematic risk factor (d)	3.0%
Subtotal, after-tax cost of equity	12.2%
After-Tax Cost of Debt:	
Pretax cost of debt (e)	7.3%
Estimated effective tax rate	30.0%
Subtotal, after-tax cost of debt	5.1%

Weighted Average Cost of Capital

Type of Financing	% of Total	After-Tax Cost	Weighted Cost
Equity	60.0%	12.2%	7.3%
Debt	40.0%	5.1%	2.0%
	100%		9.4%
		Rounded	**9%**

Notes:

(a) Source: Ibbotson Associates, SBBI Valuation 2001 Yearbook.
(b) Source: Federal Reserve 20-year constant maturity bond as of December 31, 2002.
(c) Source: Ibbotson Associates, SBBI Valuation 2001 Yearbook.
(d) Qualitative adjustment based on company-specific future performance estimate factors.
(e) Source: Federal Reserve Baa rating bond as of December 31, 2002.
Source: Companies' 10Ks and 10Qs and Bloomberg. Some totals may not add due to rounding. See Statement of Limiting Conditions.

Weighted Average Cost of Capital

Valuation Analysis of Southern Peru Copper Corp.

(US$ in 000's)

Guideline Companies	Market value of equity (a)	Total interest bearing debt	Total invested capital	Book value of debt	Market value of equity	Effective tax rate (b)	Levered beta (c)	Unlevered beta
Antofagasta Plc.	$1,987,623	$1,032,500	$3,020,123	34.2%	65.8%	25.7%	0.3	0.2
Falconbridge Ltd.	2,875,192	2,045,942	4,921,134	41.6%	58.4%	30.0%	0.4	0.3
Freeport-McMoRan Copper	2,881,324	2,204,584	5,085,908	43.3%	56.7%	30.0%	0.4	0.3
Inco Ltd.	4,358,867	1,607,000	5,965,867	26.9%	73.1%	30.0%	0.9	0.7
Noranda Inc.	2,462,152	5,210,000	7,672,152	67.9%	32.1%	30.0%	0.5	0.2
Phelps Dodge Corp.	2,815,748	2,194,700	5,010,448	43.8%	56.2%	30.0%	0.8	0.5
Teck Cominco Ltd.	2,149,375	1,015,000	3,164,375	32.1%	67.9%	30.0%	0.6	0.5
			Average	41.4%	58.6%	29.4%	---	0.4
			Median	41.6%	58.4%	30.0%	---	0.3
	Data selected for subject company			**40.0%**	**60.0%**	**30.0%**		**0.3**

Notes:

(a) Stock price as of December 31, 2002.

(b) A combined effective tax rate of 30% was utilized in the event the tax rate was not meaningful.

(c) Source: Bloomberg.

Source: Companies' 10Ks and 10Qs and Bloomberg. Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

Asarco, Inc.

Exhibit D.1

Guideline Company Method

Estimation of Value (US$ in 000's)
Date of Valuation: December 31, 2002
Based on Latest Twelve Month Data

Valuation Multiples	Selected Multiple	Souther Peru Copper Corp. Data	Indicated Enterprise Value	Less: Interest Bearing Debt (a)	Indicated Equity Value
TIC / Revenue	1.6	$660,621	$1,028,493	($299,000)	$729,493
TIC / EBITDA	8.1	182,408	1,471,394	(299,000)	1,172,394
TIC / Debt-free net income	22.1	70,799	1,565,381	(299,000)	1,266,381
TIC / Debt-free cash flow	8.8	141,084	1,245,726	(299,000)	946,726
TIC / Total assets	0.5	1,764,900	925,247	(299,000)	626,247
MVE / Book equity	0.7	1,235,100	882,013	--	882,013
				Average	937,209
				Median	914,370

Selected indicated equity value (minority, marketable) (b)	$914,370
Add: Premium for control @ 30%	274,311
Indicated equity value (majority, marketable)	1,188,681
SPHC's 54.18% interest	$644,033
SPHC's indicated equity interest in SPCC (control, marketable basis) (rounded)	**$644,000**
SPHC's indicated equity interest per share (control, marketable basis) (c)	**$14.86**

Notes:
(a) As of November 30, 2002
(b) Selected indicated equity value based on median multiples
TIC - Total Invested Capital; MVE - Market Value of Equity; EBITDA - Earnings Before Interest, Taxes, Depreciation and amortization
(c) Number of SPHC shares outstanding (000's) 43,349 (Converts to Common Stock on a one-to-one basis)
Total number of shares outstanding (000's) 80,008 (Assumes conversion to Common Stock on a one-to-one basis)
Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Management of Subject Company, Bloomberg, and public filings (10K, 10Q).

Asarco, Inc.

Exhibit D.2

Guideline Company Method

Calculation of Multiples
Date of Valuation: December 31, 2002
Based on Latest Twelve Month Data

Valuation Multiples	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd.	Inco Ltd.	Noranda Inc.	Falconbridge Ltd.	Antofagasta PLC
TIC / Revenue	1.3	2.9	1.5	2.8	1.5	2.2	3.6
TIC / EBITDA	11.5	6.7	13.5	10.9	12.5	11.7	9.4
TIC / Debt-free net income	nmf	35.3	nmf	27.9	146.1	nmf	25.2
TIC / Debt-free cash flow	12.1	12.6	45.2	12.6	11.5	14.6	12.5
TIC / Total assets	0.7	1.2	0.6	0.7	0.7	1.0	1.2
MVE / Book equity	0.9	12.2	0.8	1.0	0.9	1.2	2.1
MVE / Year ahead earnings	19.5	10.8	38.6	13.9	226.9	9.4	15.7

	Range					
	Low	High	Average Multiple	Median Multiple	Adjustment Factor (a)	Selected Multiple (b)
TIC / Revenue	1.3	3.6	2.3	2.2	30.0%	1.6
TIC / EBITDA	6.7	13.5	10.9	11.5	30.0%	8.1
TIC / Debt-free net income	25.2	146.1	58.6	31.6	30.0%	22.1
TIC / Debt-free cash flow	11.5	45.2	17.3	12.6	30.0%	8.8
TIC / Total assets	0.6	1.2	0.9	0.7	30.0%	0.5
MVE / Book equity	0.8	12.2	2.7	1.0	30.0%	0.7
MVE / Year ahead earnings	9.4	226.9	47.8	15.7	30.0%	11.0

Notes:
(a) Adjustment factor is based on differences in size and foreign risk
(b) Selected multiples are based on median multiples. Refer to narrative report for additional detail
nmf = not meaningful
TIC = Total Invested Capital; MVE = Market Value of Equity; EBITDA - Earnings Before Interest,Taxes, Depreciation and amortization.
Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Guideline Company 10Ks and 10Qs.

This is not a Fairness Opinion

Asarco, Inc.

Exhibit D.3

Guideline Company Method
Date of Valuation: December 31, 2002
Calculation of Total Invested Capital (US$ in 000's, except per share data)

Guideline Company Detail	Souther Peru Copper Corp.	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd.	Inco Ltd.	Noranda Inc.	Falconbridge Ltd.	Antofagasta PLC
Ticker symbol	PCU	PD	FCX	TEKb.TO	N	NRD	FL.TO	ANTO LN
Stock exchange	NYSE	NYSE	NYSE	TSE	NYSE	NYSE	TSE	LSE
Selected stock price (a)	--	$31.65	$16.78	$11.62	$21.22	$14.29	$15.12	$10.07
52-week high	--	42.32	20.80	15.40	23.66	13.47	20.04	9.54
52-week low	--	23.09	10.48	10.00	15.30	8.28	13.40	7.25
Average daily trading volume (b)	19	1,145	1,255	720	798	23	370	132
As a percent of shares outstanding	0.1%	1.3%	0.9%	0.4%	0.4%	0.0%	0.2%	0.1%
As a percent of float (c)	0.1%	1.3%	0.9%	0.4%	0.4%	0.0%	0.2%	0.1%

Calculation of Total Invested Capital

Calculation of Total Invested Capital	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd.	Inco Ltd.	Noranda Inc.	Falconbridge Ltd.	Antofagasta PLC
Selected stock price	$31.65	$16.78	$11.62	$21.22	$14.29	$15.12	$10.07
Shares outstanding (000s)	88,902	144,894	184,928	183,170	238,385	177,020	197,171
Market value of equity	2,813,748	2,431,321	2,149,375	3,886,867	3,407,475	2,676,542	1,984,723
Preferred stock	2,000	450,003	0	472,000	300,000	198,650	2,900
Interest bearing debt	2,194,700	2,204,584	1,015,000	1,607,000	5,210,000	2,045,942	1,032,500
Total invested capital	$5,010,448	$5,085,908	$3,164,375	$5,965,867	$8,917,475	$4,921,134	$3,020,123

Notes:
(a) Stock price as of December 31, 2002. Selected stock price for Teck Cominco represents a weighted average price of the Class A and Class B common stock. Stock price for Noranda, Teck Cominco and Falconbridge are in Canadian dollars.
(b) Average daily trading volume is based on last twenty trading days.
(c) Due to lack of information, the float for Teck Cominco, Falconbridge and Antofagasta are assumed to equal the shares outstanding.

Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Guideline Company 10Ks and 10Qs.

This is not a Fairness Opinion

Guideline Company Method

Historical Financial Performance
Date of Valuation: December 31, 2002
Comparison of LTM Results
Selected Income Statement Data (US$ in 000's)

	Souther Peru Copper Corp.	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd. (b)	Inco Ltd.	Noranda Inc.(b)	Falconbridge Ltd.(b)	Antofagasta Ltd.
LTM period ending	11/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002
Revenue	$660,621	$3,727,700	$1,751,700	$2,089,000	$2,096,000	$6,127,000	$2,212,658	$845,600
Direct costs	441,148	3,138,500	919,020	1,744,000	1,388,000	5,235,000	1,603,120	425,800
Gross profit	219,473	589,200	832,680	345,000	708,000	892,000	609,538	419,800
Operating expenses:								
Sales and marketing	0	0	0	0	0	0	0	0
General and administrative	28,804	115,700	63,128	56,000	124,000	85,000	134,721	89,400
Research and development	8,261	38,700	5,192	54,000	38,000	92,000	54,484	8,200
Total operating expenses	37,065	154,400	68,320	110,000	162,000	177,000	189,205	97,600
EBITDA	182,408	434,800	764,360	235,000	546,000	715,000	420,333	322,200
Depreciation and amortization	70,285	435,800	258,877	191,000	259,000	717,000	369,220	121,800
EBIT	112,123	(1,000)	505,483	44,000	287,000	(2,000)	51,113	200,400
Interest expense	15,323	201,700	172,812	67,000	45,000	186,000	89,200	49,400
Interest (income)	(16,875)	0	0	0	0	0	0	0
Other expense (income)	21,027	12,100	58,627	17,000	(24,000)	(68,000)	(3,714)	38,900
Extraordinary/non-recurring items (a)	0	35,900	0	0	2,415,000	0	0	0
EBT	92,648	(250,700)	274,044	(40,000)	(2,149,000)	(120,000)	(34,373)	112,100
Effective tax rate	33.5%	40.4%	67.7%	2.5%	31.0%	7.5%	158.2%	25.7%
Income tax provision	31,042	(101,400)	185,659	(1,000)	(667,000)	(9,000)	(54,385)	$28,800
Unadjusted net income	61,606	(149,300)	88,385	(39,000)	(1,482,000)	(111,000)	20,012	83,300
Adjustments to net income	(996)	5,783	0	(147,301)	1,664,929	0	0	0
Adjusted net income	$60,610	($143,517)	$88,385	($186,301)	$182,929	($111,000)	$20,012	$83,300
Debt-free net income	$70,799	($23,398)	$144,121	($120,976)	$213,962	$61,050	($31,920)	$120,008
add: depreciation and amortization	70,285	435,800	258,877	191,000	259,000	717,000	369,220	121,800
Debt-free cash flow	$141,084	$412,402	$402,998	$70,024	$472,962	$778,050	$337,300	$241,808

Notes:
Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Management of Subject Company and Guideline Company 10Ks and 10Qs.
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortizaion; EBIT = Earnings Before Interest and Taxes; EBT = Earnings Before Taxes.
(a) For Inco, extraordinary expense includes a one time asset impariment charge.
(b) Teck Cominco, Noranda,and Falconbridge are in Canadian dollars.

Asarco, Inc.

Exhibit D.5

Guideline Company Method

Historical Financial Performance
Date of Valuation: December 31, 2002
Comparison of LTM Results
Selected Income Statement Data

Common Size (a)	Souther Peru Copper Corp.	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd.	Inco Ltd.	Noranda Inc.	Falconbridge Ltd.	Antofagasta PLC
LTM period ending	11/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	6/30/2002
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Direct costs	66.8%	84.2%	52.5%	83.5%	66.2%	85.4%	72.5%	50.4%
Gross profit	33.2%	15.8%	47.5%	16.5%	33.8%	14.6%	27.5%	49.6%
Operating expenses:								
Sales and marketing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General and administrative	4.4%	3.1%	3.6%	2.7%	5.9%	1.4%	6.1%	10.6%
Research and development	1.3%	1.0%	0.3%	2.6%	1.8%	1.5%	2.5%	1.0%
Total operating expenses	5.6%	4.1%	3.9%	5.3%	7.7%	2.9%	8.6%	11.5%
EBITDA	27.6%	11.7%	43.6%	11.2%	26.0%	11.7%	19.0%	38.1%
Depreciation and amortization	10.6%	11.7%	14.8%	9.1%	12.4%	11.7%	16.7%	14.4%
EBIT	17.0%	0.0%	28.9%	2.1%	13.7%	0.0%	2.3%	23.7%
Interest expense	2.3%	5.4%	9.9%	3.2%	2.1%	3.0%	4.0%	5.8%
Interest (income)	-2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other expense (income)	3.2%	0.3%	3.3%	0.8%	-1.1%	-1.1%	-0.2%	4.6%
Extraordinary non-recurring items	0.0%	1.0%	0.0%	0.0%	115.2%	0.0%	0.0%	0.0%
EBT	14.0%	-6.7%	15.6%	-1.9%	-102.5%	-2.0%	-1.6%	13.3%
Effective tax rate	--	--	--	--	--	--	--	--
Income tax provision	4.7%	-2.7%	10.6%	0.0%	-31.8%	-0.1%	-2.5%	3.4%
Unadjusted net income	9.3%	-4.0%	5.0%	-1.9%	-70.7%	-1.8%	0.9%	9.9%
Adjustments to net income	-0.2%	0.2%	0.0%	-7.1%	79.4%	0.0%	0.0%	0.0%
Adjusted net income	9.2%	-3.9%	5.0%	-8.9%	8.7%	-1.8%	0.9%	9.9%
Debt-free net income	10.7%	-0.6%	8.2%	-5.8%	10.2%	1.0%	-1.4%	14.2%
add: depreciation and amortization	10.6%	11.7%	14.8%	9.1%	12.4%	11.7%	16.7%	14.4%
Debt-free cash flow	21.4%	11.1%	23.0%	3.4%	22.6%	12.7%	15.2%	28.6%

Notes:
Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Management of Subject Company and Guideline Company 10Ks and 10Qs.
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization; EBIT = Earnings Before Interest and Taxes; EBT = Earnings Before Taxes.
(a) Expressed as a percentage of revenue.

Asarco, Inc.

Guideline Company Method
Historical Financial Performance
Date of Valuation: December 31, 2002
Comparison of LTM Results
Selected Balance Sheet Data (US$ in 000's)

	Souther Peru Copper Corp.	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd. (b)	Inco Ltd.	Noranda Inc.(b)	Falconbridge Ltd.(b)	Antofagasta PLC
LTM period ending	11/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002
Assets								
Cash and cash equivalents	$147,100	$437,400	$38,027	$21,000	$1,188,000	$412,000	$262,041	$3,000
Accounts receivable (net)	50,100	400,500	165,959	198,000	287,000	877,000	291,871	127,000
Inventory	95,400	528,000	392,355	588,000	512,000	1,431,000	486,595	55,700
Prepaid expenses	30,600	121,300	4,753	165,000	0	0	0	0
Other current assets	0	0	49,809	0	70,000	0	0	237,500
Total current assets	323,200	1,487,200	650,903	972,000	2,057,000	2,720,000	1,040,507	423,200
Property, plant, and equipment (net)	1,430,300	5,391,000	3,340,576	3,343,000	6,075,000	8,786,000	2,890,533	1,879,500
Other assets	11,400	436,700	213,280	625,000	204,000	401,000	1,240,246	185,500
Total assets	$1,764,900	$7,314,900	$4,204,759	$4,940,000	$8,336,000	$11,907,000	$5,171,286	$2,488,200
Liabilities and Shareholders' Equity								
Accounts payable	$41,200	$628,100	$250,247	$270,000	$184,000	$1,096,000	$279,220	$79,500
Accrued liabilities	77,200	0	36,495	0	277,000	0	0	0
Deferred revenue	0	0	0	0	0	0	0	0
Short-term debt	0	36,700	0	2,000	0	15,000	0	117,800
Current portion of long-term debt	0	136,400	151,837	12,000	90,000	636,000	231,426	0
Other current liabilities	0	15,500	143,994	0	183,000	0	18,826	19,700
Total current liabilities	118,400	816,700	582,573	284,000	734,000	1,747,000	529,472	217,000
Long-term debt	299,000	2,021,600	2,052,747	1,001,000	1,517,000	4,559,000	1,814,516	914,700
Deferred taxes	104,600	437,200	689,832	0	1,386,000	226,000	183,899	0
Other long-term liabilities (a)	7,800	928,300	680,062	1,126,000	889,000	1,739,000	381,642	396,000
Total liabilities	529,800	4,203,800	4,005,214	2,411,000	4,526,000	8,271,000	2,909,529	1,527,700
Shareholders' equity	1,235,100	3,111,100	199,545	2,529,000	3,810,000	3,636,000	2,261,757	960,500
Total liabilities and shareholders' equity	$1,764,900	$7,314,900	$4,204,759	$4,940,000	$8,336,000	$11,907,000	$5,171,286	$2,488,200

Notes:
(a) Includes minority interest
(b) Teck Cominco, Noranda,and Falconbridge are in Canadian dollars.
Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Management of Subject Company and Guideline Company 10Ks and 10Qs.

This is not a Fairness Opinion

Asarco, Inc.

Guideline Company Method

Historical Financial Performance
Date of Valuation: December 31, 2002
Comparison of LTM Results
Selected Balance Sheet Data

Common Size (a)	Souther Peru Copper Corp.	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd.	Inco Ltd.	Noranda Inc.	Falconbridge Ltd.	Antofagasta PLC
LTM period ending	11/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002
Assets								
Cash and cash equivalents	8.3%	6.0%	0.9%	0.4%	14.3%	3.5%	5.1%	0.1%
Accounts receivable (net)	2.8%	5.5%	3.9%	4.0%	3.4%	7.4%	5.6%	5.1%
Inventory	5.4%	7.2%	9.3%	11.9%	6.1%	12.0%	9.4%	2.2%
Prepaid expenses	1.7%	1.7%	0.1%	3.3%	0.0%	0.0%	0.0%	0.0%
Other current assets	0.0%	0.0%	1.2%	0.0%	0.8%	0.0%	0.0%	9.5%
Total current assets	18.3%	20.3%	15.5%	19.7%	24.7%	22.8%	20.1%	17.0%
Property, plant, and equipment (net)	81.0%	73.7%	79.4%	67.7%	72.9%	73.8%	55.9%	75.5%
Other assets	0.6%	6.0%	5.1%	12.7%	2.4%	3.4%	24.0%	7.5%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities and Shareholders' Equity								
Accounts payable	2.3%	8.6%	6.0%	5.5%	2.2%	9.2%	5.4%	3.2%
Accrued liabilities	4.4%	0.0%	0.9%	0.0%	3.3%	0.0%	0.0%	0.0%
Deferred revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term debt	0.0%	0.5%	0.0%	0.0%	0.0%	0.1%	0.0%	4.7%
Current portion of long-term debt	0.0%	1.9%	3.6%	0.2%	1.1%	5.3%	4.5%	0.0%
Other current liabilities	0.0%	0.2%	3.4%	0.0%	2.2%	0.0%	0.4%	0.8%
Total current liabilities	6.7%	11.2%	13.9%	5.7%	8.8%	14.7%	10.2%	8.7%
Long-term debt	16.9%	27.6%	48.8%	20.3%	18.2%	38.3%	35.1%	36.8%
Deferred taxes	5.9%	6.0%	16.4%	0.0%	16.6%	1.9%	3.6%	0.0%
Other long-term liabilities	0.4%	12.7%	16.2%	22.8%	10.7%	14.6%	7.4%	15.9%
Total liabilities	30.0%	57.5%	95.3%	48.8%	54.3%	69.5%	56.3%	61.4%
Shareholders' equity	70.0%	42.5%	4.7%	51.2%	45.7%	30.5%	43.7%	38.6%
Total liabilities and shareholders' equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:
Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Management of Subject Company and Guideline Company 10Ks and 10Qs.
(a) Expressed as a percentage of total assets

Asarco, Inc.

Guideline Company Method
Historical Financial Performance
Date of Valuation: December 31, 2002
Comparison of LTM Results
Selected Ratio and Margin Data (US$ 000's)

	Souther Peru Copper Corp.	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd. (a)	Inco Ltd.	Noranda Inc.(a)	Falconbridge Ltd.(a)	Antofagasta PLC
LTM period ending	11/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002
Liquidity								
Current ratio	2.7	1.8	1.1	3.4	2.8	1.6	2.0	2.0
Quick ratio	1.7	1.0	0.4	0.8	2.0	0.7	1.0	0.6
Cash as a percent of current assets	45.5%	29.4%	5.8%	2.2%	57.8%	15.1%	25.2%	0.7%
Debt-free net working capital ("DFNWC")	$204,800	$843,600	$220,167	$702,000	$1,413,000	$1,624,000	$742,461	324,000
DFNWC as a percent of revenue	31.0%	22.6%	12.6%	33.6%	67.4%	26.5%	33.6%	38.3%
DFNWC - less cash	$57,700	$406,200	$182,140	$681,000	$225,000	$1,212,000	$480,420	$321,000
DFNWC - less cash as a percent of revenue	8.7%	10.9%	10.4%	32.6%	10.7%	19.8%	21.7%	38.0%
Asset Management								
Inventory turnover	4.6	5.9	2.3	3.0	2.7	3.7	3.3	7.6
Fixed asset turnover	0.5	0.7	0.5	0.6	0.3	0.7	0.8	0.4
Total asset turnover	0.4	0.5	0.4	0.4	0.3	0.5	0.4	0.3
Days inventory	79	61	156	123	135	100	111	47.7
Days receivables	28	39	35	35	50	52	48	55
Operating cycle	107	101	190	158	185	152	159	103
Days payables	(34)	(73)	(99)	(57)	(48)	(76)	(64)	(68)
Cash cycle	73	28	91	101	136	76	95	34
Leverage								
Total liabilities to total equity	42.9%	135.1%	2007.2%	95.3%	118.8%	227.5%	128.6%	159.1%
Interest bearing debt to total assets	16.9%	30.0%	52.4%	20.3%	19.3%	43.8%	39.6%	41.5%
LT debt to (LT debt + equity)	19.5%	39.4%	91.1%	28.4%	28.5%	55.6%	44.5%	48.8%
Times interest earned	7.3	(0.0)	2.9	0.7	6.4	(0.0)	0.6	4.1

Notes:
Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Management of Subject Company and Guideline Company 10Ks and 10Qs.
(a) Teck Cominco, Noranda,and Falconbridge are in Canadian dollars.

Asarco, Inc.

Guideline Company Method

Historical Financial Performance
Date of Valuation: December 31, 2002
Comparison of LTM Results
Selected Ratio and Margin Data (US$ 000's)

	Souther Peru Copper Corp.	Phelps Dodge Corp.	Freeport McMoran Copper	Teck Cominco Ltd.	Inco Ltd.	Noranda Inc.	Falconbridge Ltd.	Antofagasta PLC
LTM period ending	11/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002	9/30/2002
Profitability								
Gross margin	33.2%	15.8%	47.5%	16.5%	33.8%	14.6%	27.5%	49.6%
EBITDA margin	27.6%	11.7%	43.6%	11.2%	26.0%	11.7%	19.0%	38.1%
EBIT margin	17.0%	0.0%	28.9%	2.1%	13.7%	0.0%	2.3%	23.7%
EBT margin	14.0%	-6.7%	15.6%	-1.9%	-102.5%	-2.0%	-1.6%	13.3%
Debt-free net margin	10.7%	-0.6%	8.2%	-5.8%	10.2%	1.0%	-1.4%	14.2%
Debt-free cash flow margin	21.4%	11.1%	23.0%	3.4%	22.6%	12.7%	15.2%	28.6%
DuPont Analysis								
Adjusted net income / EBT	0.7	nmf	0.3	nmf	(0.1)	nmf	(0.6)	0.7
EBT / EBIT	0.8	nmf	0.5	(0.9)	(7.5)	nmf	(0.7)	0.6
EBIT / sales	17.0%	0.0%	28.9%	2.1%	13.7%	0.0%	2.3%	23.7%
Sales / total assets	0.4	0.5	0.4	0.4	0.3	0.5	0.4	0.3
Total assets / total equity	1.4	2.4	21.1	2.0	2.2	3.3	2.3	2.6
Return on equity ("ROE")	4.9%	nmf	44.3%	nmf	nmf	nmf	nmf	8.7%
Return on assets ("ROA")	4.0%	-0.3%	3.4%	-2.4%	2.6%	0.5%	-0.6%	4.8%
Growth (a)								
Growth in sales	6.1%	13.4%	-1.3%	97.3%	-1.1%	-2.5%	-0.8%	130.0%
Growth in EBITDA	17.5%	-8.9%	-2.6%	60.0%	16.3%	-24.7%	-18.3%	431.0%
Growth in debt-free net income	33.7%	nmf	-10.0%	nmf	188.7%	nmf	nmf	95.8%
Growth in debt-free cash flow	14.3%	-4.0%	-5.1%	-78.1%	48.2%	-14.4%	-22.8%	188.0%

Notes:
Some totals may not add due to rounding. See Statement of Limiting Conditions. Source of information: Management of Subject Company and Guideline Company 10Ks and 10Qs.
(a) Growth represents compound annual growth
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortizaion; EBIT - Earnings Before Interest and Taxes; EBT = Earnings Before Taxes; nmf = not meaningful.

Southern Peru Copper Corporation

(US$ in 000's)

Southern Peru Copper Corporation		**Stock Price as of December 31, 2002**	**60 Day Average Stock Price (b)**
Stock price		$14.40	$14.22
Shares outstanding (a)		80,008,420	80,008,420
Market value of equity		$1,152,121	$1,137,720
Market value of equity (majority, marketable)		**$1,152,121**	**$1,137,720**
SPCC price per share (rounded)		**$14.40**	**$14.22**
SPHC's Interest in SPCC (43,348,949 shares) (a)	54.18%	$624,225	$616,422
SPHC's Interest in SPCC (rounded) (c)		**$624,200**	**$616,400**

Notes:
(a) Assumes conversion to Common Stock on a one-to-one basis.
(b) Sixty day average Stock Price is calculated from November 1, 2002 through December 31, 2002.
(c) No control premium applied as we have assumed (based on recent stock price movements) that elements of control are currently being factored into the public stock price.

Asarco Inc.

Exhibit F.1

Valuation of Southern Peru Copper Corp.

Control Premium Analysis

(US$ in 000's)

Target	Acquirer	Offer price per share	Price per share prior to transaction (time period prior to announcement) 1 day	1 week	1 month
AMAX Incorporated	Cyprus Minerals Company Inc	$13.69	nav	$17.63	$16.63
Magma Copper Co	Broken Hill Propriety Co Ltd.	28.00	20.13	19.25	17.25
Conwest Exploration Co Ltd	Alberta Energy Co Ltd	20.68	20.33	18.88	17.24
Thermal Exploration Co	Western Copper Holdings Ltd	0.23	0.25	0.31	nav
Cyprus Amax Minerals Co	Phelps Dodge Corp	19.64	14.50	14.44	14.88
ASARCO Inc	Grupo Mexico SA de CV	29.75	22.19	21.31	18.75
Glenmore Highlands Inc	Mountain Province Diamonds Inc	0.34	0.44	0.43	0.55
Jascan Resources Inc	Breakwater Resources Ltd	0.63	0.57	0.60	0.74

Target	Calculation of premium 1 day	1 week	1 month
AMAX Incorporated	nav	-22.3%	-17.7%
Magma Copper Co	39.1%	45.5%	62.3%
Conwest Exploration Co Ltd	1.7%	9.5%	19.9%
Thermal Exploration Co	-8.0%	-25.8%	nav
Cyprus Amax Minerals Co	35.4%	36.0%	32.0%
ASARCO Inc	34.1%	39.6%	58.7%
Glenmore Highlands Inc	-22.7%	-20.9%	-38.2%
Jascan Resources Inc	10.5%	5.0%	-14.9%
Average (a)	24.2%	27.1%	43.2%
Median (a)	34.1%	36.0%	45.3%

Notes:

(a) Negative premia are excluded from the calulation of the median and average premia.

Source of data: Mergerstat and Securities Database Company

Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

Asarco, Inc.

Exhibit G.1

Consolidated Historical Operating Results of SPCC--Selected Income Statement Data

(US$ in 000's)

	For the fiscal years ended December 31,					For the LTM ended	5-fiscal year
	1997	1998	1999	2000	2001	11/30/02	average
Revenue	$814,156	$627,916	$584,546	$711,057	$657,521	$660,621	$679,039
Cost of goods sold	474,385	442,206	410,134	441,476	452,648	441,148	444,170
Gross margin	339,771	185,710	174,412	269,581	204,873	219,473	234,869
Selling and marketing expense	0	0	0	0	0	0	0
General and administrative expense	48,367	49,612	47,453	34,853	30,904	28,804	42,238
Other operating expense	7,390	5,185	7,156	7,700	8,461	8,261	7,178
EBITDA	284,014	130,913	119,803	227,028	165,508	182,408	185,453
Depreciation expense	46,736	60,859	74,237	77,447	76,285	70,285	67,113
Amortization expense	0	0	0	0	0	0	0
EBIT	237,278	70,054	45,566	149,581	89,223	112,123	118,340
Interest expense	19,573	15,009	17,881	15,878	39,323	15,323	21,533
Other expense (income)	(28,000)	(25,547)	(11,450)	(5,831)	(21,648)	4,152	(18,495)
Earnings before taxes	245,705	80,592	39,135	139,534	71,548	92,648	115,303
Effective tax rate	22.6%	31.7%	24.9%	32.0%	30.9%	33.5%	27.4%
Tax expense	55,610	25,567	9,740	44,648	22,142	31,042	31,541
Minority interest (a)	4,437	461	(10)	1,969	696	996	1,511
Net income	$185,658	$54,564	$29,405	$92,917	$48,710	$60,610	$82,251
Debt-free net income	$200,801	$64,812	$42,836	$103,714	$75,864	$70,799	$97,893
add: depreciation/amortization	46,736	60,859	74,237	77,447	76,285	70,285	67,113
Debt-free gross cash flow	$247,537	$125,671	$117,073	$181,161	$152,149	$141,084	$165,006

Notes:

(a) Minority interest related to labor shares in income of Peruvian Branch.

EBITDA - Earnings before interest, taxes, depreciation, and amortization; EBIT - Earnings before interest and taxes

Source: Asarco and SPCC. Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

Consolidated Historical Operating Results of SPCC--Selected Income Statement Data (Margins)

	For the fiscal years ended December 31,					For the LTM ended	5-fiscal year
	1997	1998	1999	2000	2001	11/30/02	average
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	58.3%	70.4%	70.2%	62.1%	68.8%	66.8%	65.4%
Gross margin	41.7%	29.6%	29.8%	37.9%	31.2%	33.2%	34.6%
Selling and marketing expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General and administrative expense	5.9%	7.9%	8.1%	4.9%	4.7%	4.4%	6.2%
Other operating expense	0.9%	0.8%	1.2%	1.1%	1.3%	1.3%	1.1%
EBITDA	34.9%	20.8%	20.5%	31.9%	25.2%	27.6%	27.3%
Depreciation expense	5.7%	9.7%	12.7%	10.9%	11.6%	10.6%	9.9%
Amortization expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	29.1%	11.2%	7.8%	21.0%	13.6%	17.0%	17.4%
Interest expense	2.4%	2.4%	3.1%	2.2%	6.0%	2.3%	3.2%
Other expense (income)	-3.4%	-4.1%	-2.0%	-0.8%	-3.3%	0.6%	-2.7%
Earnings before taxes	30.2%	12.8%	6.7%	19.6%	10.9%	14.0%	17.0%
Effective tax rate	- -	- -	- -	- -	- -	- -	- -
Tax expense	6.8%	4.1%	1.7%	6.3%	3.4%	4.7%	4.6%
Minority interest (a)	0.5%						
Net income	22.8%	8.7%	5.0%	13.1%	7.4%	9.2%	12.1%
Debt-free net income	24.7%	10.3%	7.3%	14.6%	11.5%	10.7%	14.4%
add: depreciation/amortization	5.7%	9.7%	12.7%	10.9%	11.6%	10.6%	9.9%
Debt-free gross cash flow	30.4%	20.0%	20.0%	25.5%	23.1%	21.4%	24.3%

Notes:

EBITDA - Earnings before interest, taxes, depreciation, and amortization. EBIT - Earnings before interest and taxes

Source: Asarco and SPCC. Some totals may not add due to rounding. See Statement of Limiting Conditions.

Asarco, Inc.

Exhibit G.3

Consolidated Historical Operating Results of SPCC--Selected Balance Sheet Data
(US$ in 000's)

	At December 31,					At	5-fiscal
Assets	**1997**	**1998**	**1999**	**2000**	**2001**	**11/30/02**	**year average**
Current Assets:							
Cash and cash equivalents	$126,491	$175,948	$10,596	$149,088	$212,857	$147,100	$134,996
Marketable securities	$204,590	$22,152	$0	$0	$0	$0	$45,348
Accounts receivable	73,764	64,561	80,664	142,457	81,827	50,100	88,655
Inventory	108,683	88,951	110,171	114,931	101,030	95,400	104,753
Prepaid expenses (a)	0	0	48,099	31,014	24,794	30,600	20,781
Other current assets	66,067	58,450	19,611	4,357	6,137	0	30,924
Total current assets	579,595	410,062	269,141	441,847	426,645	323,200	425,458
Property and equipment, net	947,457	1,088,557	1,250,887	1,298,130	1,376,777	1,430,300	1,192,362
Long-term receivables	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0
Other assets	34,278	27,218	25,425	30,581	17,995	11,400	27,099
Total assets	$1,561,330	$1,525,837	$1,545,453	$1,770,558	$1,821,417	$1,764,900	$1,644,919
Liabilities and Stockholders' Equity							
Current Liabilities:							
Accounts payable	$47,941	$48,497	$58,413	$68,157	$53,617	$41,200	$55,325
Notes payable	0	0	0	0	0	0	0
Current portion of long-term debt	13,683	13,683	23,272	24,339	122,914	0	39,578
Accrued liabilities	0	0	0	0	0	77,200	0
Other current liabilities	41,495	34,836	29,472	39,884	44,422	0	38,022
Total current liabilities	103,119	97,016	111,157	132,380	220,953	118,400	132,925
Long term debt	234,208	220,525	199,253	322,914	273,121	299,000	250,004
Other long-term liabilities (b)	106,980	83,373	95,130	109,144	103,867	104,600	99,699
Total liabilities	444,307	400,914	405,540	564,438	597,941	522,000	482,628
Minority interest of labor shares in Peru	19,385	16,331	13,975	14,465	14,021	7,800	15,635
Total stockholders' equity	1,097,638	1,108,592	1,125,938	1,191,655	1,209,455	1,235,100	1,146,656
Total liabilities and stockholders' equity	$1,561,330	$1,525,837	$1,545,453	$1,770,558	$1,821,417	$1,764,900	$1,644,919
Total interest-bearing debt	$247,891	$234,208	$222,525	$347,253	$396,035	$299,000	$289,582

Notes:
(a) Prepaid expenses consist of prepaid taxes.
(b) Other liabilities includes deferred credits, deferred income taxes and other liabilities.
Source: Asarco and SPCC. Some totals may not add due to rounding. See Statement of Limiting Conditions.

Asarco, Inc.

Exhibit G.4

Consolidated Historical Operating Results of SPCC--Selected Balance Sheet Data (Margins)

	At December 31,					At	5-fiscal year
Assets	1997	1998	1999	2000	2001	11/30/02	average
Current Assets:							
Cash and cash equivalents	8.1%	11.5%	0.7%	8.4%	11.7%	8.3%	8.2%
Marketable securities	13.1%	1.5%	0.0%	0.0%	0.0%	0.0%	2.8%
Accounts receivable	4.7%	4.2%	5.2%	8.0%	4.5%	2.8%	5.4%
Inventory	7.0%	5.8%	7.1%	6.5%	5.5%	5.4%	6.4%
Prepaid expenses (a)	0.0%	0.0%	3.1%	1.8%	1.4%	1.7%	1.3%
Other current assets	4.2%	3.8%	1.3%	0.2%	0.3%	0.0%	1.9%
Total current assets	37.1%	26.9%	17.4%	25.0%	23.4%	18.3%	25.9%
Property and equipment, net	60.7%	71.3%	80.9%	73.3%	75.6%	81.0%	72.5%
Long-term receivables	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other assets	2.2%	1.8%	1.6%	1.7%	1.0%	0.6%	1.6%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities and Stockholders' Equity							
Current Liabilities:							
Accounts payable	3.1%	3.2%	3.8%	3.8%	2.9%	2.3%	3.4%
Notes payable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current portion of long-term debt	0.9%	0.9%	1.5%	1.4%	6.7%	0.0%	2.4%
Accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	0.0%
Other current liabilities	2.7%	2.3%	1.9%	2.3%	2.4%	0.0%	2.3%
Total current liabilities	6.6%	6.4%	7.2%	7.5%	12.1%	6.7%	8.1%
Long term debt	15.0%	14.5%	12.9%	18.2%	15.0%	16.9%	15.2%
Other long-term liabilities (b)	6.9%	5.5%	6.2%	6.2%	5.7%	5.9%	6.1%
Total liabilities	28.5%	26.3%	26.2%	31.9%	32.8%	29.6%	29.3%
Minority interest of labor shares in Peru	1.2%	1.1%	0.9%	0.8%	0.8%	0.4%	1.0%
Total stockholders' equity	70.3%	72.7%	72.9%	67.3%	66.4%	70.0%	69.7%
Total liabilities and stockholders' equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total interest-bearing debt	15.9%	15.3%	14.4%	19.6%	21.7%	16.9%	17.6%

Notes:

Source: Asarco and SPCC. Some totals may not add due to rounding. See Statement of Limiting Conditions.

This is not a Fairness Opinion

Consolidated Historical Operating Results of SPCC--Ratio and Margin Analysis
(US$ in 000's)

	For the fiscal years ended December 31,					At	5-fiscal year
	1997	1998	1999	2000	2001	11/30/02	average
Liquidity and Working Capital							
Current ratio	5.6	4.2	2.4	3.3	1.9	2.7	3.5
Quick ratio	3.9	2.7	0.8	2.2	1.3	1.7	2.2
Cash as % of current assets	21.8%	42.9%	3.9%	33.7%	49.9%	45.5%	30.5%
Net working capital ("NWC")	$476,476	$313,046	$157,984	$309,467	$205,692	$204,800	$292,533
NWC as a % of revenue	58.5%	49.9%	27.0%	43.5%	31.3%	31.0%	42.0%
Debt-free net working capital ("DFNWC")	$490,159	$326,729	$181,256	$333,806	$328,606	$204,800	$332,111
DFNWC as % of revenues	60.2%	52.0%	31.0%	46.9%	50.0%	31.0%	48.0%
DFNWC excluding cash	$363,668	$150,781	$170,660	$184,718	$115,749	$57,700	$197,115
DFNWC excluding cash, as % of revenues	44.7%	24.0%	29.2%	26.0%	17.6%	8.7%	28.3%
Asset Management and Turnover (a)							
Days receivable	--	40	45	57	62	28	51.3
Days payable	--	40	48	52	49	34	47.2
Days in inventory	--	82	89	93	87	79	87.6
Fixed asset turnover	--	0.6	0.5	0.6	0.5	0.5	0.5
Total asset turnover	--	0.4	0.4	0.4	0.4	0.4	0.4
Leverage							
Interest bearing debt to total assets (b)	15.9%	15.3%	14.4%	19.6%	21.7%	16.9%	17.4%
Total liabilities to total assets (b)	28.5%	26.3%	26.2%	31.9%	32.8%	29.6%	29.1%
Total liabilities to total equity	40.5%	36.2%	36.0%	47.4%	49.4%	42.3%	41.9%
LT debt to (LT debt + book equity)	17.6%	16.6%	15.0%	21.3%	18.4%	19.5%	17.8%
EBIT times interest earned	12.1	4.7	2.5	9.4	2.3	7.3	6.2

Notes:
(a) Calculated using averages.
(b) Total assets excludes goodwill.

Source: Asarco and SPCC. Some totals may not add due to rounding. See Statement of Limiting Conditions.

Asarco, Inc.

Exhibit G.6

Consolidated Historical Operating Results of SPCC--Ratio and Margin Analysis (continued)

	For the fiscal years ended December 31,					For the LTM ending 11/30/02	5-fiscal year average
	1997	1998	1999	2000	2001		
Profitability							
Gross margin	41.7%	29.6%	29.8%	37.9%	31.2%	33.2%	34.0%
EBITDA margin	34.9%	20.8%	20.5%	31.9%	25.2%	27.6%	26.7%
EBIT margin	29.1%	11.2%	7.8%	21.0%	13.6%	17.0%	16.5%
EBT margin	30.2%	12.8%	6.7%	19.6%	10.9%	14.0%	16.0%
Net margin	22.8%	8.7%	5.0%	13.1%	7.4%	9.2%	11.4%
Debt-free net margin	24.7%	10.3%	7.3%	14.6%	11.5%	10.7%	13.7%
ROE (a)	--	4.9%	2.6%	8.0%	4.1%	4.9%	4.9%
ROA (a)	--	4.2%	2.8%	6.3%	4.2%	4.0%	4.4%
							Four Year CAGR
Year-to-Year Growth Rates							
Revenue	--	-22.9%	-6.9%	21.6%	-7.5%	--	-5.2%
Cost of goods sold	--	-6.8%	-7.3%	7.6%	2.5%	--	-1.2%
Gross margin	--	-45.3%	-6.1%	54.6%	-24.0%	--	-11.9%
Selling and marketing expense	--	nav	nav	nav	nav	--	nav
General and administrative expense	--	2.6%	-4.4%	-26.6%	-11.3%	--	-10.6%
Other operating expense	--	-29.8%	38.0%	7.6%	9.9%	--	3.4%
EBITDA	--	-53.9%	-8.5%	89.5%	-27.1%	--	-12.6%
EBIT	--	-70.5%	-35.0%	228.3%	-40.4%	--	-21.7%
Net income	--	-70.6%	-46.1%	216.0%	-47.6%	--	-28.4%
Debt-free net income	--	-67.7%	-33.9%	142.1%	-26.9%	--	-21.6%
Debt-free gross cash flow	--	-49.2%	-6.8%	54.7%	-16.0%	--	-11.5%

Notes:

CAGR   compound annual growth rate

Source: Asarco and SPCC. Some totals may not add due to rounding. See Statement of Limiting Conditions.